

# **RISK MANAGEMENT ANNUAL REPORT**

## **SELF-INSURED TRUST FUND**

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## **EXECUTIVE SUMMARY**

### **Introduction**

We are pleased to present the *Maricopa County Risk Management Annual Report Fiscal Year Ended June 30, 1999*.

This report contains summaries of the fiscal year's losses and costs for Maricopa County's workers' compensation, general liability, automobile liability, auto physical damage, property, medical malpractice, and unemployment exposures.

This report contains data and information regarding the frequency and severity of loss, as well as information of the most frequent cause of loss. We hope the report will assist departments in analyzing, developing, and implementing effective loss control and prevention programs to reduce or eliminate liability and losses.

On June 30, 1999, the Risk Management Department successfully completed its **18th year** under the self-insurance program.

### **The Risk Management Department Structure and Mission**

The Risk Management Department manages Maricopa County's risk management program. Our mission statement is "Protect the human resources and assets of Maricopa County from loss or damage through effective and proactive risk management." Our community impact is to be recognized within the State of Arizona, Maricopa County, and U.S. County governments for innovative, proactive and effective risk management. The following are primary risk management functions, strategic goals and objectives:

- Risk consulting
- Retention level analysis
- Insurance procurement
- Maricopa County, Arizona Self-Insured Trust Fund management and financing
- Contract and document review
- Contract indemnification and insurance requirement language review and writing
- Administration and monitoring of third party administrators
- Investigation and disposition of casualty and unemployment claims and lawsuits
- Safety and loss control programs
- U.S. Occupational Safety and Health Administration/Arizona Department of Occupational Health and Safety (OSHA/ADOSH) training, reporting, and compliance
- Environmental remediation
- U.S. Environmental Protection Agency/Arizona Department of Environmental Quality (EPA/ADEQ) investigation, remediation, and reporting

The Risk Management Department's mission is accomplished by 19 employees and department managers with assistance from the Maricopa County Board of Supervisors, Maricopa County Self-Insured Trust Fund Board of Trustees, Office of the County Attorney, contracted risk and insurance brokers, and third party administrators. The Director/Risk Manager reports to the Chief Financial Officer of Maricopa County.

### **Maricopa County, Arizona Self-Insured Trust Fund**

Arizona Revised Statutes Section 11-981 (ARS § 11-981) authorizes Maricopa County to self-insure or procure insurance from any insurer authorized by the State of Arizona Department of Insurance, or both, for insurance as defined in Title 20 of the ARS including, but not limited to workers' compensation, general liability, automobile liability, auto physical damage, property, medical malpractice, and unemployment.

ARS § 11-981 requires Maricopa County to designate a Trust Administrator (Risk Manager) and establish a Trust which is funded by allocation of funds from General Fund and Non-General Fund departments and Special Districts, as well as other funding techniques permitted by state statute and authorized by the Trust's Board of Trustees.

The Maricopa County, Arizona Self-Insured Trust Fund's financial activities, management issues, and business affairs are managed by the Risk Manager and Board of Trustees. The Trustees must be United States citizens and residents of Maricopa County, and are appointed by the Maricopa County Board of Supervisors (BOS) and County Administrative Officer. During FY98-99, the following individuals were members of the Board of Trustees:

#### Trustee District/Appointment

BOS District One  
 BOS District Two  
 BOS District Three  
 BOS District Four  
 BOS District Five  
 BOS Chairman  
 County Administrator  
 Environmental

#### Trustee

To Be Appointed  
 Joe Taylor  
 Rocky Armfield  
 David C. Tierney, Chairman  
 Art Hamilton  
 BOS Chairman  
 Tom Manos  
 Terry Trendler

### **Major FY98-99 Risk Management Accomplishments**

- Risk Management successfully negotiated settlements with insurance companies providing liability coverage to Maricopa County during the period FY72-73 through FY84-85 regarding the County's environmental liability exposures. During FY98-99, \$1,079,854 was recovered from various insurance companies.
- Continued to modify County contracts' indemnification and insurance language bringing County into compliance with SB1207's requirements.
- Continued to establish quarterly meetings with Maricopa County departments to review claims and lawsuits and improve communications.
- Regular Workers' Compensation file reviews with third party administrator, Case Management, and Risk Management.
- Developed and implemented the auto physical damage deductible program and raised the property deductible from \$500 to \$1,000 per occurrence.
- Developed new claim forms and policies on reporting of claims and continue to provide training to departments.
- Provided internal environmental consulting services to departments, including Phase I, limited Phase II assessments, and technical review of environmental issues.
- Conducted environmental and OSHA safety assessments of County facilities to identify and remedy potential liabilities for regulation compliance.
- Implemented the National Safety Council's "Supervisor Development Program" for MCDOT and Flood Control.
- Established an Executive Safety Committee.
- Established a Countywide Employee Safety Handbook.

### **Major FY99-00 Risk Management Objectives**

- Increase "in network" medical provider services for worker compensation injuries by twenty five percent annualized.
- Maintain annual cost of risk at one percent or less of Maricopa County expenditures.

- Use the BEECN analysis tools to review the Environmental Risk Management division.
- Maintain employee annualized turnover rate at less than ten percent.
- Develop and distribute customer satisfaction survey.
- Contract with outside accounting firm for an independent audit of the trust.
- Present quarterly financial statements to the Board of Trustees.
- Establish semi-annual meetings with senior county attorney office management to evaluate effectiveness of personnel and programs.
- Increase subrogation recoveries by ten percent.
- Maintain a one to one open/closure claim ratio.
- Develop a litigation strategy with County Attorney, including attorney selection, periodic review, timely communication and documentation flow and case evaluation.
- Submit all qualified new claims to the excess carrier within five working days.
- Provide at least once per quarter training to managers and supervisors. These classes would include Supervisors Training in Accident Reduction Techniques (START), Safety Motivation, and the Supervisors Development Training Program.
- Provide monthly reports to the County Administrative Officer and department directors detailing injury and vehicle accidents.
- Develop a safety library and make materials available to all county departments.
- In collaboration with the Public Works Human Resources department, develop a one-day program that integrates safety with other necessary supervisory skills.
- Provide internal environmental consulting services including Phase I, limited Phase II assessments, and technical review for environmental issues to ten departments.
- Conduct environmental assessments for twenty county facilities to identify and remedy potential liabilities and regulation compliance.
- Complete work to file applications for closure of five existing County-owned leaking underground storage tanks (LUSTs).

## **Key FY98-99 Trends and Indicators**

### **Self-Insured Trust Fund Combined Balance Sheet Comparison FY96-97, FY97-98, and FY98-99**

	<u>FY96-97</u>	<u>FY97-98</u>	<u>FY98-99</u>
Assets	\$33,564,130	\$24,644,757	\$17,890,250
Liabilities	\$28,861,814	\$31,189,315	\$41,211,769
Equity (Deficit)	\$4,702,316	(\$6,544,558)	(\$23,321,519)
Total Liabilities & Equity	\$33,564,130	\$24,644,757	\$17,890,250

During the FY96-97 through FY98-99 period, the Trust Fund's assets decreased \$15,673,880, or 46.7%, from \$33,564,130 to \$17,890,250. During the same period, the Trust's liabilities increased \$12,349,955, or 42.8%, from \$28,861,814 to \$41,211,769. FY98-99's (\$23,321,519) fund deficit is a result of a spend down of the self-insured trust fund over a four year period, where user departments were only charged for administrative costs while claims and insurance were still being paid by Risk Management on behalf of these user departments.

#### **Trends in Purchased Insurance:**

General liability, including auto liability coverage was purchased in FY94-95 with \$1 million primary above the County's \$1 million self-insured retention and \$9 million excess the primary of \$1 million following ten years of no general/auto liability coverage. In FY96-97, Maricopa County purchased an additional \$10 million excess above the initial \$9 million excess and the \$1 million primary and \$1 million self-insured retention. This coverage was maintained in FY97-98. During FY98-99, Maricopa County purchased an additional \$25 million in excess of the \$25 million and excess the \$1 million SIR.

Property damage coverage on a blanket replacement cost was insured in FY96-97 with a \$25,000 per occurrence deductible. In FY97-98, the same property coverage was purchased, but with a \$100,000 per occurrence deductible and this coverage was maintained in FY98-99. Due to a continued "soft" insurance market for property coverage, we hope to be able to increase limits, particularly for earthquake and flood coverages at a very nominal increase in premium at the next renewal.

Excess workers' compensation insurance for FY96-97 covered Maricopa County employees, officials, and supervised volunteers on a statutory basis in excess of \$300,000 retention.

In FY97-98, the same excess workers' compensation coverage was purchased with a \$250,000 retention to meet the Arizona Industrial Commission's Self-Insured requirements. This coverage was maintained in FY98-99.

Medical malpractice insurance for FY96-97 was \$10 million excess \$1.025 million self-insured retention. In FY97-98, Maricopa County purchased an additional \$5 million excess the \$10 million for a total of \$15 million excess our \$1.025 million self-insured retention. In FY98-99, an additional \$10 million was purchased for a total of \$25 million excess our \$1.025 million self-insured retention.

#### **Trends in exposures and losses:**

Maricopa County, the nation's fourth most populous county had a population of 2.8 million in FY98-99. From 1993 to 1999, the number of citizens living in Maricopa County increased by more than 500,000. Expected growth is anticipated at over 3 million by the year 2000 census. Naturally, such growth, while economically positive, generally negatively influences casualty claim frequency and eventually severity. Fortunately, Maricopa County has experienced a fairly significant reduction in reported claims for FY96-97 to FY98-99. The reduction in the number of claims is somewhat difficult to explain, but hopefully Maricopa County's emphasis on a strong proactive loss prevention, safety and risk management program may be a material factor.

Maricopa County's expenditures for FY96-97 were \$1.45 billion. The cost of risk for FY96-97 was \$15 million or 1.01% of expenditures. Maricopa County's expenditures for FY97-98 were \$1.5 billion. The cost of risk for FY97-98 was \$14 million or 0.98% of expenditures. Maricopa County's expenditures for FY98-99 were \$1.6 billion. The cost of risk for FY98-99 was \$17 million or 1.04% of expenditures.

Maricopa County's payroll for FY96-97, FY97-98, and FY98-99 was \$388 million, \$393 million, and \$432 million, respectively. The number of claims for Workers' Compensation for FY96-97, FY97-98, and FY98-99 was 838, 807, and 926 respectively. The data reflects that the payroll is increasing each year and that the number of claims is also increasing. The number of employees for FY96-97, FY97-98, and FY98-99 was 13,323, 13,299, and 14,534, respectively. The number of employees is also increasing each year.

## **Acknowledgment**

The Risk Management Department would like to thank the Maricopa County Board of Supervisors; Elected Officials; County Administrative Officer; Chief Financial Officer; Self-Insured Trust Fund Board of Trustees; County Attorney's Office; County departmental management, employees, and volunteers for their demonstrated interest in reducing casualty claims and lawsuits.

Respectfully submitted,

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Les Boyce, CPCU, ARM  
Risk Manager

Joe Campbell, Claims Manager  
Chris Kelly, Safety Manager  
Milli Lee, Loss Control Consultant  
Sara Latin, Administrative Coordinator  
Hugh Larkin, Environmental Compliance Analyst  
Rita Neill, Environmental Compliance Analyst  
Samantha Wright, Budget and Finance Manager

Note: 1) The financial statements presented in Section Five, Financial Section, have been audited by the State of Arizona, Office of the Auditor General, and are included in the *Maricopa County Comprehensive Annual Financial Report (CAFR)* for FY98-99. A separate Maricopa County Self-Insured Trust Fund audit report has been issued.

Note: 2) For presentation purposes only, the dollar amounts and associated percentages in all of the charts and tables presented herein, have been rounded to the nearest whole dollar or percent.



## COST OF RISK

One method to measure the County's Risk Management effectiveness is to compare the cost of risk over time. Effectiveness is determined by comparing the total annual cost of the Risk Management program, including paid claims, insurance premiums and operational and administrative expenses, against the total County's annual expenditures.

During the FY96-97 through FY98-99 period, Risk Management's percentage of the County's total annual expenditures fluctuated from 0.98% to 1.04%. These fluctuations are not significant.

	FY96-97	FY97-98	FY98-99
<b>Claims and Premiums</b>			
Auto Liability	\$1,195,983	\$349,580	\$630,272
General Liability	\$2,406,967	\$1,273,348	\$2,150,774
Workers' Compensation	\$3,049,121	\$2,171,890	\$2,317,915
Medical Malpractice	\$1,080,627	\$3,783,750	\$3,252,491
Property/Auto Physical Damage	\$424,199	\$587,735	\$974,015
Environmental Contingency	\$0	\$0	\$300,000
Unemployment	\$501,647	\$530,414	\$346,225
Premiums	\$1,536,349	\$1,426,224	\$1,429,433
<b>Subtotal</b>	<b>\$10,194,893</b>	<b>\$10,122,941</b>	<b>\$11,401,125</b>
<b>Other Costs</b>			
Legal Expenses	\$2,749,305	\$2,850,542	\$3,547,286
Broker Fees	\$48,624	\$42,000	\$39,000
Consulting and Mngt Fees	\$546,800	\$45,000	\$82,348
Claims Admin Fees	\$171,284	\$210,221	\$184,528
Administrative	\$876,404	\$1,194,752	\$1,635,074
<b>Subtotal</b>	<b>\$4,392,417</b>	<b>\$4,342,515</b>	<b>\$5,488,236</b>
<b>Total Risk Management Costs</b>	<b>\$14,587,310</b>	<b>\$14,465,456</b>	<b>\$16,889,361</b>
<b>Total County Expenditures</b>	<b>\$1,446,312,032</b>	<b>\$1,478,046,922</b>	<b>\$1,628,844,663</b>
<b>TOTAL COST AS A PERCENTAGE OF COUNTY EXPENDITURES</b>	<b>1.01%</b>	<b>0.98%</b>	<b>1.04%</b>

- Notes: 1. Paid claims represents the amount paid in the fiscal year regardless of occurrence date and does not include Reported but not Paid or IBNR reserves.
2. Amounts as valued on June 30, 1999, as reported in the Local Governmental Financial System.

## **REPORT OF DEPARTMENTS**

### **Workers' Compensation**

Risk Management's analysis of the Workers' Compensation claims data for dollars paid and number of claims reported for the last three fiscal years is presented in the following summary.

The following information for workers' compensation is shown on pages VI-6 through VI-8 of the statistical section. For the three-year period FY97-99, Maricopa County paid \$3,974,540 on 2,571 workers' compensation claims for an average claim cost of \$1,546. The five departments with the highest number of claims were Sheriff, Medical Center, Transportation, Public Health and Clerk of the Superior Court. The five departments with the highest dollars paid included Sheriff, Medical Center, Superior Courts, Environmental Services and Juvenile Court. These two combinations consisted of \$2,669,764 in dollars paid on 1,800 claims for an average claim cost of \$1,483. There is an increasing trend in workers' compensation claims as reflected by the 838 claims in FY96-97, 807 claims in FY97-98, and 926 claims in FY98-99.

The Sheriff's department paid \$1,395,586 on 992 claims for an average claim cost of \$1,407. Maricopa Medical Center paid \$849,299 on 571 claims for an average claim cost of \$1,487. Transportation paid \$111,205 on 83 claims for an average claim cost of \$1,340. Environmental Services paid \$136,615 on 29 claims for an average claim cost of \$4,711.

#### **Recommendation to eliminate or reduce Worker's Compensation claims:**

For future data, we will attempt to track the dollars paid and number of claims separated by Medical Only claims versus Lost Time (Indemnity) claims. This will provide severity and frequency data to better evaluate the effectiveness of our safety programs.

For further recommendations, see Safety Division section pages IV-1 through IV-4.

### **General Liability**

Risk Management's analysis of the General Liability claims data for dollars paid and number of claims reported for the last three fiscal years is presented in the following summary.

The following information for general liability is shown on pages VI-9 through VI-11 of the statistical section. For the three-year period FY97-99, Maricopa County paid \$1,903,771 on 898 general liability claims for an average claim cost of \$2,120. The three departments with the highest number of claims were Sheriff, Transportation and Maricopa Medical Center. Their share consisted of \$763,577 in dollars paid on 606

claims for an average claim cost of \$1,260. There is a decreasing trend in general liability claims reported as reflected by the 329 claims in FY96-97 compared to the 286 claims reported in FY98-99.

It should be noted that the Board of Supervisor's had five claims in FY96-97, four claims in FY97-98, and zero claims in FY98-99. The nine claims consisted of \$930,000 in dollars paid for an average claim cost of \$103,333.

The Sheriff's department paid \$614,291 on 320 claims for an average claim cost of \$1,920. Transportation paid \$121,164 on 238 claims for an average claim cost of \$509. The Medical Center paid \$28,122 on 48 claims for an average claim cost of \$586.

### **Recommendations to eliminate or reduce General Liability claims:**

All departments: Each department must identify and analyze the causes and potential causes of general liability claims specific to their operations in order to reduce claims. The Safety department will assist departments with the development of an inspection and maintenance program that can be successfully utilized to reduce or eliminate claims. Front line supervision must take a greater role in loss prevention through scheduled routine inspections and elimination of hazards, as well as employee training in loss prevention.

Sheriff's department: Quarterly reviews of claims with Sheriff's department senior management was recently implemented to identify and develop techniques to address areas of concern regarding inmate treatment, excessive force and inmate suicide issues. Periodic loss runs of claim and expense data are being provided to the Sheriff's department and their Risk Management department to implement in-house loss prevention programs to impact and reduce their claim activity.

Transportation department: A review of claim data reveals that areas of concern and loss result from signage, road barricades, potholes and wet road paint issues as substantial elements of damages. Quarterly meetings with senior management have recently been implemented to review significant claims and to identify problem areas of claim activity.

### **Auto Physical Damage**

Risk Management's analysis of the Auto Physical Damage claims data for dollars paid and number of claims reported for the last three fiscal years is presented in the following summary.

The following information for Auto Physical Damage is shown on pages VI-12 through VI-14 of the statistical section. For the three-year period FY97-99, Maricopa County paid \$1,220,742 on 1,992 auto physical damage claims for an average claim cost of \$613. The three highest departments included Sheriff, Transportation and Flood Control paying \$884,986 in total dollars on 1,337 claims with an average claim cost of \$662. When the

top 25 departments are reviewed, there is a significant decrease from the 805 claims in FY96-97 compared to 428 in FY98-99.

Through FY97-99, the Sheriff's department paid \$693,364 on 872 claims producing an average claim cost of \$795. Transportation paid \$137,654 on 350 claims with an average claim cost of \$393. Flood Control paid \$53,968 on 115 claims with an average claim cost of \$469.

### **Recommendations to eliminate or reduce Auto Physical Damage losses:**

Auto Physical Damage claims are direct physical damage losses to County vehicles involving collisions or comprehensive loss due to collision with other vehicles, impacts with stationary objects, vandalism, theft, fire, and windshield and glass breakage claims.

All recommendations noted in the Automobile Liability section are applicable to eliminating or reducing these types of losses.

With the implementation of the \$1,000 deductible for all auto physical damage claims for each department commencing FY99-00, all departments should be heavily involved in driver training courses.

Monthly staff training meetings for County employees should be initiated, record keeping of repeat offenders maintained, studies conducted to identify causes and programs implemented to reduce frequency and severity of auto physical damage claims.

## **Automobile Liability**

Risk Management's analysis of the Automobile Liability claims data for dollars paid and number of claims reported for the last three fiscal years is presented in the following summary.

The following information for Auto Liability is shown on pages VI-15 through VI-17 of the statistical section. For the three-year period FY97-99, Maricopa County paid \$999,369 on 872 claims for an average claim cost of \$1,146. The three departments with the highest number of claims included Sheriff, Transportation and Flood Control. The three departments with the highest total dollars paid included Sheriff, Flood Control and Public Health. The staggering statistic involves the decrease in number of claims over the years. In FY96-97, there were 496 auto liability claims compared to only 84 in FY98-99.

The Sheriff's department paid \$607,608 on 383 claims with an average claim cost of \$1,586. Transportation paid \$32,855 on 149 claims with an average claim cost of \$221. Flood Control paid \$111,648 on 49 claims with an average claim cost of \$2,279. Public Health paid \$64,640 on 27 claims with an average claim cost of \$2,394.

**Recommendations to eliminate or reduce Automobile Liability claims:**

All departments: As the driving population of Maricopa County continues to significantly increase, County departments must place additional emphasis on driver safety awareness and defensive driving techniques. All department directors should take advantage of the scheduled defensive driving courses sponsored by the Safety Office. Additionally, discussions of motor vehicle accident prevention should be stressed during scheduled staff meetings and accident review committees. The key to successfully reducing potential vehicle accidents is in driver awareness through training.

Sheriff's department: The Safety Office and Sheriff's department will continue to meet monthly with the MCSO Accident Review Committee to review all vehicle accidents and discuss preventable measures. The continuation of driver training and adherence to department policy in pursuit tactics is enthusiastically encouraged. The continued implementation of an accident avoidance course is recommended to reduce routine vehicle accidents.

Flood Control and Transportation: Implementation of the standard four-hour defense driving course for all employees that operate motor vehicles while conducting County business is strongly recommended.

**Property**

Risk Management's analysis of the Property claims data for dollars paid and number of claims reported for the last three fiscal years is presented in the following summary.

The following information for property is shown on pages VI-18 through VI-20 of the statistical section. For the three-year period FY97-99, Maricopa County paid \$917,780 on 246 property claims for an average claim cost of \$3,731. The three highest departments in number of claims included Housing, Sheriff and Transportation. The three highest departments in total dollars paid were Facilities Management, Housing and Transportation.

Facilities Management paid \$595,197 on 24 claims with an average claim cost of \$24,800. Housing paid \$93,328 on 59 claims with an average claim cost of \$1,582. Transportation paid \$38,126 on 35 claims with an average claim cost of \$1,089. Sheriff paid \$37,260 on 43 claims with an average cost of \$867.

**Recommendations to eliminate or reduce property losses:**

All departments: Storm damage, theft and vandalism represent the majority of property losses. Theft and vandalism losses are controllable and can be avoided or mitigated by adhering to present procedures or implementing new appropriate security measures. Much of the property losses result from theft of equipment from vehicles. This type of theft is controllable by locking vehicles, placing all unattached equipment in the vehicle

trunk or removing to residence during off-duty periods, and employing basic general security measures.

### **Medical Malpractice**

Risk Management's analysis of the Medical Malpractice claims data for dollars paid and number of claims reported for the last three fiscal years is presented in the following summary.

The following information for medical malpractice is shown on pages VI-21 through VI-22 of the statistical section. For the three-year period FY97-99, Maricopa County paid \$446,013 on 75 medical malpractice claims for an average claim cost of \$5,947. This represents a significant decrease in comparison to FY93-97 when Maricopa County paid \$4,209,520 on 148 claims for an average claim cost of \$28,443.

The three highest departments included Medical Center, Correctional Health and Ambulatory Care. The Medical Center paid \$431,134 on 57 claims with an average claim cost of \$7,564. The Medical Center also represented 97% of the total dollars paid by the County. Correctional Health paid \$8,757 on 12 claims with an average claim cost of \$730. Ambulatory Care paid \$2,604 on three claims with an average cost of \$868.

#### **Recommendations to eliminate or reduce Medical Malpractice claims:**

The above results could be attributed to the fact that in November 1996, attending physicians at Maricopa Health Systems facilities were no longer covered under Maricopa County's medical malpractice insurance program. We continue to insure the facilities and employee staff, including resident physicians and technicians. It is expected this arrangement will not significantly impact the frequency of claims and litigation, but will impact the severity or cost for medical malpractice claims. It is still too early to accurately determine the expected cost reduction and what comparative liability will be on a case to case basis.

We need to review the quality assurance procedures and policies to include proper documentation of patients' care and their treatment schedules. Prompt reporting of potential claims is required to assure early investigation and determination of negligence and standard of care issues. It should also be noted the Medical Center hired a new Risk Manager/Director (Lizabeth Stephens) effective July 1, 1999. She is eager to cooperate and assist in safety and loss prevention.

### **Unemployment**

Risk Management's analysis of the Unemployment claims data for dollars paid for the last three fiscal years is presented in the following summary.

The following information for unemployment is shown on pages VI-23 through VI-24 of the statistical section. For the three-year period FY97-99, Maricopa County paid \$1,359,305 for unemployment losses. The three departments with the highest dollars paid were the Medical Center \$393,089, Human Services \$218,610 and Sheriff \$63,518. Their share consisted of \$675,217 resulting in 49% of the total dollars paid by the County.

**Recommendations to eliminate or reduce Unemployment losses:**

Effective June 1999, the County retained Paul Parrino of The Evert Group, to handle our unemployment losses. Recently, they were successful in ten of ten hearings against prior employees of the Medical Center. Mr. Parrino is proactive in handling our cases. We also have quarterly meetings with Risk Management, Human Resources and Mr. Parrino to discuss all departments and unemployment losses.

Notes: Reference to amounts paid by departments were paid on their behalf by Risk Management and charged through allocations to the departments.

## **ENVIRONMENTAL RISK MANAGEMENT**

### **Background**

Maricopa County is a large, diverse, and operationally complex public entity that includes many departments which use or generate small to large quantities of hazardous materials/wastes. Environmental Risk Management (ERM) was established in 1992 by Maricopa County, as an owner/operator of regulated property, in response to the ever-evolving environmental regulatory arena. In FY98-99, ERM was fully integrated into the Trust Fund. *ERM's mission is to conduct remedial investigations and actions for which Maricopa County Government has environmental liability as determined by law, regulation, statute, and/or court order, and to provide leadership for pollution prevention.*

The technical and legal activities of ERM have been fully privatized, utilizing the capabilities of two FTEs. This management approach permits the retention of technical contractors and legal specialists on a cost-effective and as-needed basis. ERM is responsible for addressing the environmental liabilities found within County departments, facilities, properties, and operations. It is designed to identify, prevent/remediate, and relieve potential costly environmental exposures. This process mitigates environmental liabilities, saving County government (and its taxpayers) millions of dollars in remedial action costs and regulatory penalties. *ERM strives to ensure organizational compliance with the numerous State and Federal environmental laws and regulations while demonstrating managerial effectiveness and quantifiable economic benefit.*

*Environmental risks, like many others, are capable of being managed through risk control and prevention measures.* These measures include separation of hazardous materials and operations, effective pollution prevention and loss control techniques, attention to the design of facilities and equipment, redundant controls and safety mechanisms, substitution of process materials and/or streams, double and triple containment of tanks and flow tubes, and emergency response plans for situations where releases may occur. Effective training of employees to work safely with hazardous materials and to appropriately respond to emergencies is also a part of a comprehensive environmental loss control program.

### **Environmental Risks Associated With County Operations**

*There are many environmental risks associated with the operations and activities of County facilities.* These include landscaping (pesticides, fertilizers) and lawn maintenance (fuel) activities; laundry operations (cleaning materials); heavy equipment operations (fuel, solvents); commercial boilers (regulated air emissions); and infectious materials and bloodborne pathogens (medical services). All these may pose problems for employees and the general public. Handling, storage, and disposal of these substances must be managed safely and in accordance with Federal, State, and local regulations.



*Construction activities which are a part of many departments' regular routines may involve environmental risks that are different from those of other operations. Common construction-related environmental events include wastewater runoff into streams or city storm sewers, toxic fumes from paving or sealing of concrete, and striking unidentified buried utility lines. Additionally, many County-owned facilities were built prior to bans on use of asbestos-containing building materials (ACMs) and lead-based paint, two former commonly used materials that will ultimately require abatement following regulated procedures. County-owned underground storage tanks (USTs) require spill, overfill, and corrosion protection; leak detection equipment; and investigation and/or remediation for release of product to the environment.*

### **Environmental Risk Reduction And Management**

*Since it was established, ERM has been effective in reducing Maricopa County's overall possible environmental risk exposure. Estimated possible environmental liability costs of known sites have been reduced from previous estimates of over \$500 million for FY95-96 to about \$188 million for FY98-99. All estimated liability costs are based on maximum fines and/or penalties imposed by regulatory agencies or loss of citizen lawsuits to enforce compliance with environmental regulations.*

Primary efforts to date include closure and ownership transfers of the former White Mountain Fuel Tank Farm and all of the former Spreckles Sugar Factory property; completion of investigation and remedial action at the Materials Warehouse; regulatory agency closure of several UST/leaking UST sites; identification and abatement of asbestos and/or lead-based paint in various County facilities. Other activities include the development and awarding of a comprehensive environmental consulting/services contract which allows ERM personnel to track various County environmental investigations; environmental and technical consulting services to other County departments; continual refinement of the environmental report database and project cost spreadsheets; and recovery of monies from former insurance carriers, state assurance trusts, and liability settlement trusts.

Graphic summaries of ERM expenses for FY96-97 through FY98-99 are shown on page III-4. Illustrated are expenses by site and areas of concern.

### **Recommendations**

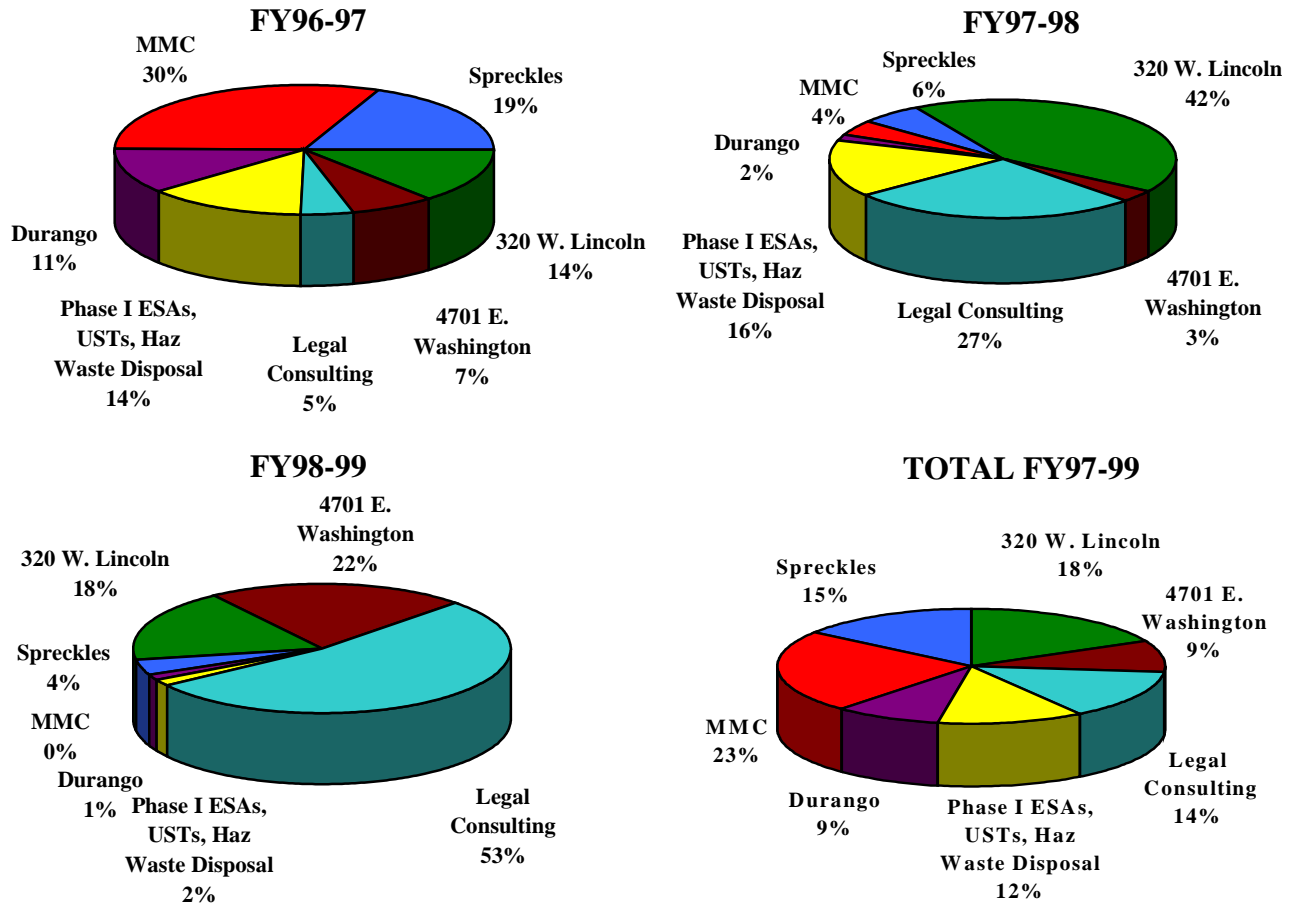
Based on past and present County activities, ERM recommends the following work be performed to further minimize the County's exposure to environmental risk.

1. Development of a Comprehensive Environmental Management System (EMS): The consequences of not managing environmental issues has resulted in large cash expenditures for remediation and toxic tort liability. Many private and public organizations have developed and implemented an EMS to assure compliance with environmentally sound work policies and practices.

Developing a Comprehensive County EMS will put forth the goals, schedule, and implementation plan to assess and evaluate the current environmental status of Maricopa County, to achieve and maintain environmental compliance. This will include prioritization of sites and departments for further review, such as Phase I ESAs and compliance audits. The implementation of an EMS would allow the information collected in the program to be continually updated, and eliminate the need for future large-scale County-wide audits requiring large amounts of manpower and funds. As a preliminary step, ERM has developed, in-house, a database management system to locate and document much of the work which was completed in the past five years. This database will be used to track, and avoid duplication of future work. Additionally, the new environmental consulting/services contract requires copies of all final environmental reports generated, regardless the initiating department, be forwarded to ERM to be included in the database.

By utilizing an EMS, the County can reduce some of its potential costs for future environmental liability. Some of the cost savings to be realized are; 1) reduced insurance premiums, 2) reduced exposure to toxic tort liability, 3) use of less hazardous materials, and 4) positive public perception are estimated to be greater than the total costs to implement such a program. *ERM recommends the continued progress and proactive approach, with appropriate funding and support from County leadership, towards the refinement and implementation of a County EMS.*

# **ENVIRONMENTAL INVESTIGATION/REMEDIAL ACTION EXPENSES BY FISCAL YEAR**



	320 W. Lincoln	4701 E. Washington	Spreckles	Phase I ESAs, USTs, Haz Waste Disposal	Durango	MMC	Legal Consulting	Total
FY96-97	\$159,679	\$85,406	\$219,602	\$161,830	\$134,937	\$366,808	\$53,925	\$1,182,187
FY97-98	\$83,747	\$6,907	\$11,401	\$30,840	\$3,008	\$8,492	\$53,244	\$197,638
FY98-99	\$40,598	\$49,943	\$9,015	\$4,068	\$2,699	\$0	\$118,271	\$224,593
<b>TOTAL FY97-99</b>	<b>\$284,025</b>	<b>\$142,256</b>	<b>\$240,018</b>	<b>\$196,737</b>	<b>\$140,644</b>	<b>\$375,300</b>	<b>\$225,440</b>	<b>\$1,604,419</b>

Note: These costs have been previously summarized as expense items, not by site for the fiscal years presented.

## **OCCUPATIONAL SAFETY AND LOSS CONTROL MANAGEMENT**

The Risk Management Safety Office continues to focus countywide on the elimination of workplace accidents and injuries. Our theme for these efforts remains as “Safety – The way we work.”

Several steps were taken to continue to enhance the process of improving departmental safety performance and accident reduction efforts. The Safety Office consults with department management regarding specific safety issues pertaining to injury and accident losses and OSHA compliance requirements. High-risk departments were targeted for an initial safety review. A 14% increase in the number of Countywide workers’ compensation claims was seen, most likely as a result of the enhanced safety and loss prevention awareness within the organization leading to an increase in reporting injuries. FY97-98 workers’ compensation dollars paid were \$1,339,165, and was reduced to \$836,068 in FY98-99, a 38% reduction (VI-6).

While continuing the aggressive safety and loss control efforts in the Public Works Departments, focus on the Sheriff’s Office has continued to be a high priority. Working closely with the Sheriff’s Office Risk Manager, a safety plan has been implemented that includes training, workplace inspections and accident and injury review. Accident causes have been identified and goals for reduction have been established. During FY98-99, there was a significant 24% reduction in workers’ compensation dollars paid. The Sheriff’s Office FY97-98 workers’ compensation total paid losses were \$477,319, and were reduced to \$362,772 in FY98-99 (VI-6).

The Safety Office has worked tirelessly to improve safety awareness within all County departments. To meet this goal, several improvements in communication and loss reduction programs were implemented. The following proactive safety improvements were accomplished in FY98-99:

- Expanded the 1999 Safety Fair to a five-day program and included all departments of Maricopa County. 854 County employees participated during the five-day event. A shuttle service was provided to the downtown complex to assist departments in sending personnel to training classes offered. The event also included Safety Bowl team competition, truck rodeo, forklift rodeo and heavy equipment rodeo. Winners of the rodeo events then competed in the state-wide competition
- Continue to present a training module on “Supervisor Responsibilities for Safety” and “Violence in the Workplace” for the Management Institute.
- Continue to implement the START (Supervisor Training in Accident Reduction Techniques) Program for all County departments.

- Continue the “Safety Reminders” bi-monthly safety bulletin to inform employees on a variety of safety awareness issues. The safety bulletin is electronically forwarded to all personnel via e-mail, and successfully improved safety awareness communication.
- Continue to publish a quarterly safety newsletter. This product specifically identifies areas of accident prevention, procedures, and safety awareness on the job.
- Continue to provide updated information on the “Safety Zone” web page for the Maricopa County Intranet site. Employees can access the site for up-to-date safety and loss prevention techniques, resources, and video training library.

As we pursued our mission statement to be recognized as the state’s top safety management program, we provided: technical assistance to Pinal County in their Fleet Safety and Heavy Equipment training and testing programs and assistance to the Arizona Department of Transportation in safety analysis reporting and graphic presentations. We are actively involved in the Unified Command Group, (a local emergency association providing information to all local fire departments), the Local Emergency Planning Committee, the Arizona Governmental Safety Association and the Municipal Superintendents Association.

The Safety staff continues to provide assistance and direction in the areas of general occupational safety, fleet safety, commercial drivers license testing and training, heavy equipment operator training, OSHA compliance, hazard communications – employee right-to-know, and hazardous materials management programs for Maricopa County. The overall team effort has increased the county’s awareness of safety and loss prevention and this has resulted in a significant reduction in workers’ compensation claims cost.

## **WORKER’S COMPENSATION PROGRAM**

The following information for worker’s compensation is shown on charts VI-5 through VI-8 of the statistical section. The charts show workers’ compensation dollars paid, the number of claims, and the average cost per claim for the past three fiscal years. The average cost per claim for workers’ compensation decreased by 46% in FY98-99 from the previous year. The average cost per claim was \$903 in FY98-99 and \$1659 in FY97-98. The total dollars paid and the average cost per claim both indicate continuing downward trends for workers’ compensation. These trends reflect the change in the culture at Maricopa County as the Risk Management Safety Office expands its program from the Public Works Departments to a Countywide effort. We are educating our employees about potential hazards in the workplace as well as the financial impact workers’ compensation claims have on Maricopa County.

Through FY96-97 to FY98-99, the number of workers’ compensation claims increased by 10% from 838 in FY96-97 to 926 in FY98-99. During the same time frame, the average cost per claim decreased by 58% from \$2147 in FY96-97 to \$903 in FY98-99.

The Sheriff's Office had the highest number of claims and the highest dollars paid. The number of claims increased to 380 from 304 in FY97-98, however, the total dollars paid and the average cost per claim continue to show downward trends. The Sheriff's Office, Medical Center and Public Health incurred 66% of all County workers' compensation claims. Specifically, their percentages were 41%, 21% and 4% respectively.

### **Recommendation:**

All Departments: As Maricopa County redefines its role in occupational safety, a new safety awareness or culture within our organization must be understood at all levels of management. The roles of directors, managers, and supervisors in how to achieve a safety awareness culture for Maricopa County must be developed, embraced and communicated to all employees.

Department directors, managers, and supervisors must master many challenges encountered on the job. It is understood that managers and supervisors are responsible for production, quality, scheduling, and training. The inclusion of safety as an accountable element in the management role is a significant change in how safety issues relate in the workplace.

Injuries, lost-time accidents, lost work days, and vehicle accidents negatively affect productivity in the workplace. These issues not only cost Maricopa County millions in lost dollars, but severely impact employee effectiveness, morale and productivity.

Senior management's commitment and front line supervisors' accountability are the keys in maintaining day-to-day safety requirements in every organization, particularly with regard to stemming unsafe acts. Safety is one aspect of production, comparable to attaining required precision or elimination of waste. The supervisor is inevitably the person directly responsible for seeing that the work is done safely.

In creating a safety culture, the following sequence of steps are necessary:

1. **Awareness:** Increase employee awareness regarding safety by using safety posters, safety handouts, warning signs, tailgate meetings, and safety training.
2. **Recognition:** Conduct safety inspections, establish safety committees, and initiate safety incentive programs to recognize employees' accident prevention efforts.
3. **Top Management Support:** Establish a proactive safety management system, conduct accident investigations to determine root causes of accidents, and ensure both mandated and other employee safety training are conducted.
4. **Accountability:** All department directors, supervisors, and employees should have included in their respective performance plans, measurable safety goals and objectives.

The assignment of responsibility and accountability for safety is of paramount importance. Safety goals need to be established and safety activities need to be measured.

5. **Culture:** Safety must become an integral part of all departments' operations. Occupational safety is a team effort. Senior level management support and commitment coupled with department director, supervisor, and employee assigned responsibility and accountability makes the safety culture work. Commitment from management and employees create a safe working environment.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Balance Sheets—Internal Service Funds**  
**June 30, 1999**

	<b><u>Risk Management</u></b>	<b><u>Employee Benefits</u></b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents-		
Risk management	\$ 12,416,697	
Environmental insurance claims recovery	2,218,160	
Employee benefits		\$ 1,372,037
Interest receivable	161,824	13,719
Other receivable		83,225
Due from other County funds		1,618,745
Prepaid insurance	<u>678,714</u>	<u>2,000</u>
Total current assets	<u>15,475,395</u>	<u>3,089,726</u>
Restricted assets:		
Investments held by trustee	<u>2,363,476</u>	
Total restricted assets	<u>2,363,476</u>	
Property, plant, and equipment:		
Building improvements		87,981
Machinery and equipment	79,812	72,626
Less: accumulated depreciation	<u>(28,433)</u>	<u>(81,958)</u>
Net property, plant, and equipment	<u>51,379</u>	<u>78,649</u>
<b>Total assets</b>	<u><u>\$ 17,890,250</u></u>	<u><u>\$ 3,168,375</u></u>
<b>Liabilities and fund equity</b>		
Liabilities:		
Accounts payable	\$ 330,479	\$ 32,056
Accrued liabilities		626,159
Employee compensation payable	106,260	61,922
Due to other County funds	3,012	1,355
Deposits held for others		164,095
Reported but unpaid claims:		
Auto liability	289,596	
General liability	13,729,969	
Workers' compensation	6,799,313	
Medical malpractice	8,489,060	
Auto physical damage	84,508	
Property	242,229	
Incurred but not reported claims:		
Auto liability	915,883	
General liability	3,476,663	
Workers' compensation	(144,501)	
Medical malpractice	6,889,298	
Employee medical		89,091
Disability		<u>87,028</u>
<b>Total liabilities</b>	<u>41,211,769</u>	<u>1,061,706</u>
Fund equity:		
Contributed capital	2,886,478	30,445
Retained earnings (accumulated deficit)	<u>(26,207,997)</u>	<u>2,076,224</u>
<b>Total fund equity (deficit)</b>	<u>(23,321,519)</u>	<u>2,106,669</u>
<b>Total liabilities and fund equity</b>	<u><u>\$ 17,890,250</u></u>	<u><u>\$ 3,168,375</u></u>

See accompanying notes to financial statements.



**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Statements of Revenues, Expenses, and**  
**Changes in Fund Equity—Internal Service Funds**  
**Year Ended June 30, 1999**

	<u><b>Risk Management</b></u>	<u><b>Employee Benefits</b></u>
<b>Operating revenues:</b>		
Charges for services	\$ 6,755,905	\$ 1,214,680
Insurance recoveries	1,079,854	
County and employee premiums		40,134,625
Other	<u>3,860</u>	<u>654</u>
<b>Total operating revenues</b>	<u><b>7,839,619</b></u>	<u><b>41,349,959</b></u>
<b>Operating expenses:</b>		
Personal services	891,983	531,793
Supplies and services	730,336	199,167
Brokers' fees	39,000	
Consulting and management fees	82,348	185,567
Claims administration service fees	184,528	68,712
Legal expenses	3,547,286	
Claims and insurance:		
Auto physical damage claims paid	523,197	
Auto physical damage claims reported increase in estimate	8,901	
Auto physical damage IBNR claims increase in estimate	<u>4,322</u>	
Total auto physical damage	<u>536,420</u>	
Auto liability claims paid	630,272	
Auto liability claims reported decrease in estimate	(431,865)	
Auto liability IBNR claims increase in estimate	<u>559,631</u>	
Total auto liability	<u>758,038</u>	
General liability claims paid	2,150,774	
General liability claims reported increase in estimate	6,247,050	
General liability IBNR claims decrease in estimate	<u>(660,092)</u>	
Total general liability	<u>7,737,732</u>	
Workers' compensation claims paid	2,317,915	
Workers' compensation claims reported increase in estimate	2,490,494	
Workers' compensation IBNR claims decrease in estimate	<u>(1,138,980)</u>	
Total workers' compensation	<u>3,669,429</u>	
Medical malpractice claims paid	3,252,491	
Medical malpractice claims reported increase in estimate	3,242,069	
Medical malpractice IBNR claims increase in estimate	<u>80,155</u>	
Total medical malpractice	<u>6,574,715</u>	
Property claims paid	450,818	
Property claims reported decrease in estimate	(100,094)	
Property IBNR claims increase in estimate	<u>97,530</u>	
Total property	<u>448,254</u>	
Short-term disability claims paid		442,472
Medical claims paid		317,148
Environmental contingency	300,000	
General liability insurance premiums	436,685	
Workers' compensation insurance premiums	131,429	

See accompanying notes to financial statements.

(Continued)

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Statements of Revenues, Expenses, and**  
**Changes in Fund Equity—Internal Service Funds**  
**Year Ended June 30, 1999**  
**(Continued)**

	<u><b>Risk Management</b></u>	<u><b>Employee Benefits</b></u>
Individual blanket bonds	\$ 23,806	
Unemployment claims	346,225	
Property insurance premiums	272,127	
Malpractice insurance premiums	565,386	
Depreciation	12,755	\$ 25,676
Dental insurance		3,146,495
Health insurance		31,785,691
Life insurance		2,613,813
Mental health programs		1,076,525
Sightcare insurance		320,832
Other insurance		166,128
<b>Total operating expenses</b>	<u>27,288,482</u>	<u>40,880,019</u>
<b>Operating income (loss)</b>	(19,448,863)	469,940
<b>Nonoperating revenues (expenses):</b>		
Interest income	1,140,842	154,496
Loss on disposal of machinery and equipment		(9,379)
<b>Net nonoperating revenues</b>	<u>1,140,842</u>	<u>145,117</u>
<b>Net income (loss)</b>	(18,308,021)	615,057
<b>Fund equity (deficit), July 1, 1998</b>	(6,544,558)	1,491,612
Increase in contributed capital	<u>1,531,060</u>	
<b>Fund equity (deficit), June 30, 1999</b>	<u><u>\$ (23,321,519)</u></u>	<u><u>\$ 2,106,669</u></u>

See accompanying notes to financial statements.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Statements of Cash Flows—Internal Service Funds**  
**Year Ended June 30, 1999**

	<u><b>Risk Management</b></u>	<u><b>Employee Benefits</b></u>
<b>Cash flows from operating activities:</b>		
Operating income (loss)	\$(19,448,863)	\$ 469,940
Adjustments to reconcile operating income (loss) to net cash used for operating activities:		
Depreciation	12,755	25,676
Net change in liability for incurred but not reported claims	(1,057,434)	(157,658)
Changes in assets and liabilities:		
Increase in:		
Other receivable		(83,225)
Due from other County funds		(1,383,171)
Prepaid insurance	(68,166)	
Accrued liabilities		626,159
Employee compensation payable	51,779	19,403
Due to other County funds	3,012	1,355
Deposits held for others		9,403
Liability for reported but unpaid claims	11,456,555	
Decrease in:		
Insurance recovery receivable	63,059	
Due from other governmental units		16,720
Due from other County funds	47,427	
Accounts payable	(431,348)	(114,404)
Use tax	(110)	
Liability for reported but unpaid claims		(159,490)
Net cash used for operating activities	<u>(9,371,334)</u>	<u>(729,292)</u>
<b>Cash flows from noncapital financing activities:</b>		
Cash transfers from other County funds	<u>1,531,060</u>	
Net cash provided by noncapital financing activities	<u>1,531,060</u>	
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of machinery and equipment	<u>(19,367)</u>	<u>(8,371)</u>
Net cash used for capital and related financing activities	<u>(19,367)</u>	<u>(8,371)</u>
<b>Cash flows from investing activities:</b>		
Interest on investments	1,187,953	163,214
Proceeds from sale of investments held by trustee	5,645,707	
Purchase of investments held by trustee	<u>(2,363,476)</u>	
Net cash provided by investing activities	<u>4,470,184</u>	<u>163,214</u>
Net decrease in cash and cash equivalents	(3,389,457)	(574,449)
Cash and cash equivalents, July 1, 1998	<u>18,024,314</u>	<u>1,946,486</u>
Cash and cash equivalents, June 30, 1999	<u>\$ 14,634,857</u>	<u>\$ 1,372,037</u>
<b>Noncash investing, capital and financing activities:</b>		
Disposal of machinery and equipment		\$ (40,163)
Elimination of accumulated depreciation related to disposals		30,784
Loss on disposal of machinery and equipment		9,379

See accompanying notes to financial statements.

**MARICOPA COUNTY**  
**RISK MANAGEMENT TRUST FUND**  
**Statements of Revenues, Expenses, and**  
**Changes in Fund Equity—Internal Service Fund**  
**Budget and Actual**  
**Year Ended June 30, 1999**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating revenues:</b>			
Charges for services	\$ 6,755,905	\$ 6,755,905	\$ -
Insurance recoveries		1,079,854	1,079,854
Other		<u>3,860</u>	<u>3,860</u>
<b>Total operating revenues</b>	<u>6,755,905</u>	<u>7,839,619</u>	<u>1,083,714</u>
<b>Operating expenses:</b>			
Personal services	904,663	891,983	12,680
Supplies and services	1,110,901	730,336	380,565
Brokers' fees	47,000	39,000	8,000
Consulting and management fees	294,500	82,348	212,152
Claims administration service fees	170,140	184,528	(14,388)
Legal expenses	1,792,500	3,547,286	(1,754,786)
Total auto physical damage	581,143	536,420	44,723
Total auto liability	415,160	758,038	(342,878)
Total general liability	4,362,131	7,737,732	(3,375,601)
Total workers' compensation	2,460,226	3,669,429	(1,209,203)
Total medical malpractice	3,401,641	6,574,715	(3,173,074)
Total property	185,707	448,254	(262,547)
Environmental contingency	336,000	300,000	36,000
General liability insurance premiums	568,601	436,685	131,916
Workers' compensation insurance premiums	153,678	131,429	22,249
Individual blanket bonds		23,806	(23,806)
Unemployment claims	419,590	346,225	73,365
Property insurance premiums	252,656	272,127	(19,471)
Malpractice insurance premiums	535,529	565,386	(29,857)
Other insurance	51,193		51,193
Depreciation		<u>12,755</u>	<u>(12,755)</u>
<b>Total operating expenses</b>	<u>\$18,042,959</u>	<u>\$27,288,482</u>	<u>(\$9,245,523)</u>
<b>Operating loss</b>		(19,448,863)	
<b>Nonoperating revenues (expenses):</b>			
Interest income		<u>1,140,842</u>	
<b>Net nonoperating revenues</b>		<u>1,140,842</u>	
<b>Net loss</b>		(18,308,021)	
<b>Fund deficit, July 1, 1998</b>		(6,544,558)	
Increase in contributed capital		<u>1,531,060</u>	
<b>Fund deficit, June 30, 1999</b>		<u>\$ (23,321,519)</u>	

See accompanying notes to financial statements.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 1999**

**NOTE 1 - Summary of Significant Accounting Policies**

The County, in the exercise of the authority granted by Arizona Revised Statutes (A.R.S.) §11-981, has established a trust fund and declares itself self-insured. For financial statement presentation purposes, the Self-Insured Trust Fund is reported as Risk Management and Employee Benefits Trust Funds (Funds). The Funds' financial statements are prepared in accordance with generally accepted accounting principles, as set forth primarily in Governmental Accounting Standards Board (GASB) Statements No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and No. 30, *Risk Financing Omnibus*. A summary of the more significant accounting policies of the Funds follows.

**A. Reporting Entity**

The Self-Insured Trust Fund is under the direction of an administrator appointed by the Board of Supervisors of Maricopa County, Arizona. In addition, the trust is administered by no less than nine joint trustees, all of whom shall be citizens of the United States of America and residents of Maricopa County, Arizona. The County Board of Supervisors also appoints the trustees. However, the ultimate financial accountability for the Funds remains with the County. The County is responsible for the management and operations of the financing of the uninsured risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and for certain health benefits (major medical and short-term disability) to eligible employees and their dependents.

**B. Fund Accounting**

The Funds apply only those applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The Funds' accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on their available resources are observed. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for those resources. Each fund is considered a separate accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 1999**

The Funds' financial transactions are recorded and reported as internal service funds since their operations are financed and operated in a manner similar to private business enterprises. The intent of the County Board of Supervisors is that the costs (expenses, including depreciation) of providing goods or services to other departments within the County on a continuing basis be financed or recovered primarily through user charges. The measurement focus of the Funds is on the flow of economic resources. With this measurement focus, all assets and all liabilities associated with the operations of the Funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

**C. Basis of Accounting**

Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied and determines when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of the Funds are presented on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Interfund transfers that would be treated as revenues or expenses if they involved parties external to Maricopa County are recorded in the appropriate revenue or expense account.

**D. Cash and Cash Equivalents**

Cash belonging to the County is placed in the custody of the Maricopa County Treasurer's Office. A.R.S. authorizes the County Treasurer to invest public monies in the State Treasurer's investment pool; interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, towns, school districts, and special districts as specified by statute. As required by statute, collateral is required for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 1999**

Cash and investments held by the County Treasurer consists of both County monies and monies of other entities not under the control of the County Board of Supervisors (i.e., primarily monies of the various school districts). However, the Treasurer has a fiduciary responsibility to administer all monies held in the County Treasury. The Treasurer invests, on a pooled basis, all cash not specifically invested for a fund or program. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on their average daily cash balance on a quarterly basis. Interest earned and not received prior to June 30, is recorded as interest receivable. The Funds' share of monies held with the Treasurer is reported at fair value.

For purposes of the statement of cash flows, cash and cash equivalents consist of the Funds' share of the pooled portfolio of specific investments and repurchase agreements purchased by the Maricopa County Treasurer's Office. The County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**E. Property, Plant, and Equipment**

Property, plant, and equipment are capitalized at cost. Depreciation of property, plant and equipment is charged as an expense against operations. These assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives of machinery, equipment, and building improvements range from 3 to 10 years.

**F. Accounts Payable**

Accounts payable consists of goods or services received but not paid at June 30.

**G. Employee Compensation Payable**

Employee compensation payable consists of payroll and payroll related costs incurred at June 30, personal time off (PTO) and a calculated amount of family/medical leave (FML) earned by employees based on services already rendered. Employees may accumulate up to 240 hours of PTO, but any PTO hours in excess of the maximum amount that are unused at year-end will be transferred to FML. FML benefits are used by employees for FML qualifying events and are cumulative but do not vest with employees and therefore, are not accrued. However, upon retirement, employees of the Funds with accumulated FML in excess of 1,000 hours are entitled to a \$3,000 bonus. The amount of such bonuses is accrued in the liability of employee compensation payable.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 1999**

**H. Deposits Held for Others**

Deposits held for others consist of employee flexible spending account contributions for health care and dependent care. The balance is comprised of excess of current plan year contributions over withdrawals and forfeitures since program inception.

**I. Liability for Unpaid Claims**

The Funds provide for claims liabilities based on estimates of the ultimate cost of claims, including future claims adjustment expenses, that have been reported but not settled, and of claims that have been incurred but not reported.

The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs are dependent on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities cannot yield an exact result, particularly for liability coverage. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques for producing current estimates of actual claim costs, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Given the complexity of this estimating process, the ultimate liability may be more or less than such estimates indicate. Consequently, adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The County is liable for any single claim up to the self-insurance retention (SIR) or insurance deductible, whichever is applicable, and the excess of insurance limits. The following insurance deductibles, self-insurance retentions, and insurance limits were in effect during fiscal year 1998-99:

<u>Policy Type</u>	<u>Deductible</u>	<u>SIR</u>	<u>Limit</u>
General and auto liability		\$ 1,000,000	\$ 25,000,000
Excess general and auto liability	primary		25,000,000
Property liability	\$ 100,000		680,250,000
Flood and earthquake liability	300,000		10,000,000
Boiler and machinery	100,000		50,000,000
Employee dishonesty	50,000		10,000,000
Theft and robbery	5,000		1,000,000
Computer and wire transfer fraud	50,000		10,000,000



**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
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Forgery alteration/property	\$ 5,000	\$ 1,000,000
Aviation (owner, landlord, and tenant – OL&T) premises	none	20,000,000
Excess workers' compensation	\$ 250,000	Statutory
Self insurers guaranty bond	none	250,000
Medical malpractice	1,000,000	10,000,000
Excess medical malpractice	primary	15,000,000
Employee medical	75,000	No limit

Effective January 1, 1998, all employee medical benefits are provided through commercial insurance. The County is still liable for all claims filed per employee under the previous coverage up to the self-insurance retention.

Settled claims have not exceeded the above commercial insurance coverage limits over the past three years.

**NOTE 2 - Due from Other County Funds**

Due from other County funds for the Employee Benefits Trust Fund consists of insurance premiums withheld from County payroll incurred at year-end and not transferred prior to June 30, 1999.

**NOTE 3 - Prepaid Insurance**

Prepaid insurance for the Risk Management Trust Fund consists of \$598,714 of prepaid broker services, workers' compensation, general and auto liability, property, blanket bonds, and malpractice insurance policies. The initial premiums for these policies are amortized pro rata over each policy or contract term using the consumption method. The remaining balance of \$80,000 consists of prepaid deposits to the workers' compensation third party administrator.

Prepaid insurance for the Employee Benefits Trust Fund consists of prepaid deposits to the short-term disability third party administrator.

**NOTE 4 - Investments Held by Trustee**

Investments held by trustee consist of a one year U.S. Treasury note that matures on June 30, 2000, and is stated at cost, which approximates fair value. The investment was purchased by an outside financial institution and held by its trustee in the County's name. The investment

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
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is held as a performance bond for unfunded workers' compensation claims as required by the Industrial Commission of Arizona.

**NOTE 5 - Liabilities for Unpaid Claims**

**Risk Management Trust Fund**

Liabilities for unpaid claims are estimates determined by an independent actuary using the following actuarial methods: incurred loss development, paid loss development, frequency/severity, exposure/loss rate (incurred losses), and the exposure/loss rate (paid losses). Total liabilities are equal to the sum of:

1. Reported but unpaid claims (RUC), which represent the estimated liability on reported claims established by the Risk Management department, and;
2. Incurred but not reported (IBNR) reserves, which include known loss events that are expected to become claims and expected future development on claims already reported. IBNR, therefore, is largely an estimate of loss and claim adjustment expenses associated with future likely claims activity based on historical actual results that establish a reliable pattern.

Accrued actuarial liabilities are based on a discounted 55 percent confidence level assuming a 5.268 percent annual rate of return on future investment income. The liabilities reported at June 30, 1999, for each insurable area follow:

Auto liability	\$ 1,205,479
General liability	17,206,632
Workers' compensation	6,654,812
Medical malpractice	15,378,358
Auto physical damage	84,508
Property	242,229
Total	<u>\$ 40,772,018</u>

The total estimates of unpaid claim liabilities of \$40.8 million at June 30, 1999, increased by approximately \$10.4 million from last year's balance of \$30.4 million. The reasons for the \$10.4 million increase in the estimates of unpaid claim liabilities are as follows:

- The increase in reserves was due to unanticipated increases in five general liability and two medical malpractice claims. These claims increased reserves by approximately \$5 million.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 1999**

- The additional increase in reserves for general liability and medical malpractice of approximately \$4 million was related to the strengthening of the case reserves by the Maricopa County claims manager.
- The workers' compensation estimate increased by approximately \$700,000. The majority of this increase related to the strengthening of the case reserve by the workers' compensation third party administrator.
- The actual losses paid during the fiscal year 1998-99 were approximately \$700,000 lower than what had been anticipated at June 30, 1998. Consequently, the \$700,000 was included in the June 30, 1999, estimates of unpaid claim liabilities.

Changes in the liabilities for unpaid auto, general, workers' compensation, medical malpractice, auto physical damage, and property claims follow:

	<b>Balance <u>July 1</u></b>	<b>Current-Year Claims and Changes in <u>Estimates</u></b>	<b>Claims <u>Payments</u></b>	<b>Balance <u>June 30</u></b>
1996-97	\$44,688,650	\$(8,941,802)	\$(8,156,897)	\$27,589,951
1997-98	27,589,951	10,949,249	(8,166,303)	30,372,897
1998-99	30,372,897	19,724,588	(9,325,467)	40,772,018

**Employee Benefits Trust Fund**

The liability for medical and short-term disability claims as shown below is based on the fiscal year 1996-97 actuarial report and claims paid in fiscal years 1997-98 and 1998-99. Effective January 1, 1998, all employee medical benefits are now provided through commercial insurance. The County is still liable for claims filed under the previous medical coverage.

Accrued actuarial liabilities at June 30, 1999, for each insurable area follow:

Medical	\$ 89,091
Short-term disability	87,028
Total	<u>\$ 176,119</u>

Changes in the liabilities for unpaid medical and short-term disability claims follow:

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 1999**

	<b>Balance</b>	<b>Current-Year</b>		<b>Balance</b>
	<b><u>July 1</u></b>	<b>Claims and</b>	<b>Claims</b>	<b><u>June 30</u></b>
		<b><u>Changes in</u></b>	<b><u>Payments</u></b>	
		<b><u>Estimates</u></b>		
1996-97	\$4,738,484	\$17,035,602	\$(18,109,780)	\$3,664,306
1997-98	3,664,306	7,175,112	(10,346,151)	493,267
1998-99	493,267	442,472	(759,620)	176,119

**NOTE 6 – Increase in Contributed Capital**

Effective July 1, 1998, Maricopa County closed the Environmental Cleanup Fund, a special revenue fund, and transferred the residual equity to the Risk Management Trust Fund. Activity for environmental insurance claims recovery is now accounted for in the Risk Management Trust Fund. Accordingly, the residual equity transfer from the Environmental Cleanup Fund is reported as an increase in contributed capital in the Risk Management Trust Fund.

**NOTE 7 – Fund Deficit**

The County Board of Supervisors has elected not to fund the Risk Management Trust Fund's unpaid claims. Consequently, the Risk Management Trust Fund only billed user departments for operating costs and administrative expenses for the last four fiscal years. This resulted in a fund deficit of \$23,321,519 at June 30, 1999. Starting July 1, 1999, Risk Management began billing user departments for actuarially determined paid claim estimates.

**NOTE 8 - Retirement Plan**

**Plan Description**—The Funds contribute to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System (ASRS). Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The ASRS issues a publicly available financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 1999**

**Funding Policy**—The Arizona State Legislature establishes and may amend active ASRS members' and the Funds' contribution rate. For the year ended June 30, 1999, active ASRS members and the Funds were each required by statute to contribute at the actuarially determined rate of 3.34 percent (2.85 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. The Funds' contributions to the System for the years ended June 30, 1999, 1998, and 1997 were \$ 47,554, \$47,517, and \$37,647 respectively, which were equal to the required contributions for the year.

## **Supplementary Information**

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Required Supplementary Information**  
**Year 2000 Issue**  
**June 30, 1999**  
**(Unaudited)**

Many of Risk Management and Employee Benefits Trust Funds' (Funds) electronic data processing systems and equipment items are subject to shortcomings related to the year 2000 that could adversely affect the Funds' operations. If not corrected, many programs and embedded chips would not be able to distinguish the year 2000 from the year 1900. This may cause them to process data inaccurately or to stop processing data altogether. The Funds are aware of this problem and have been taking corrective action since 1996.

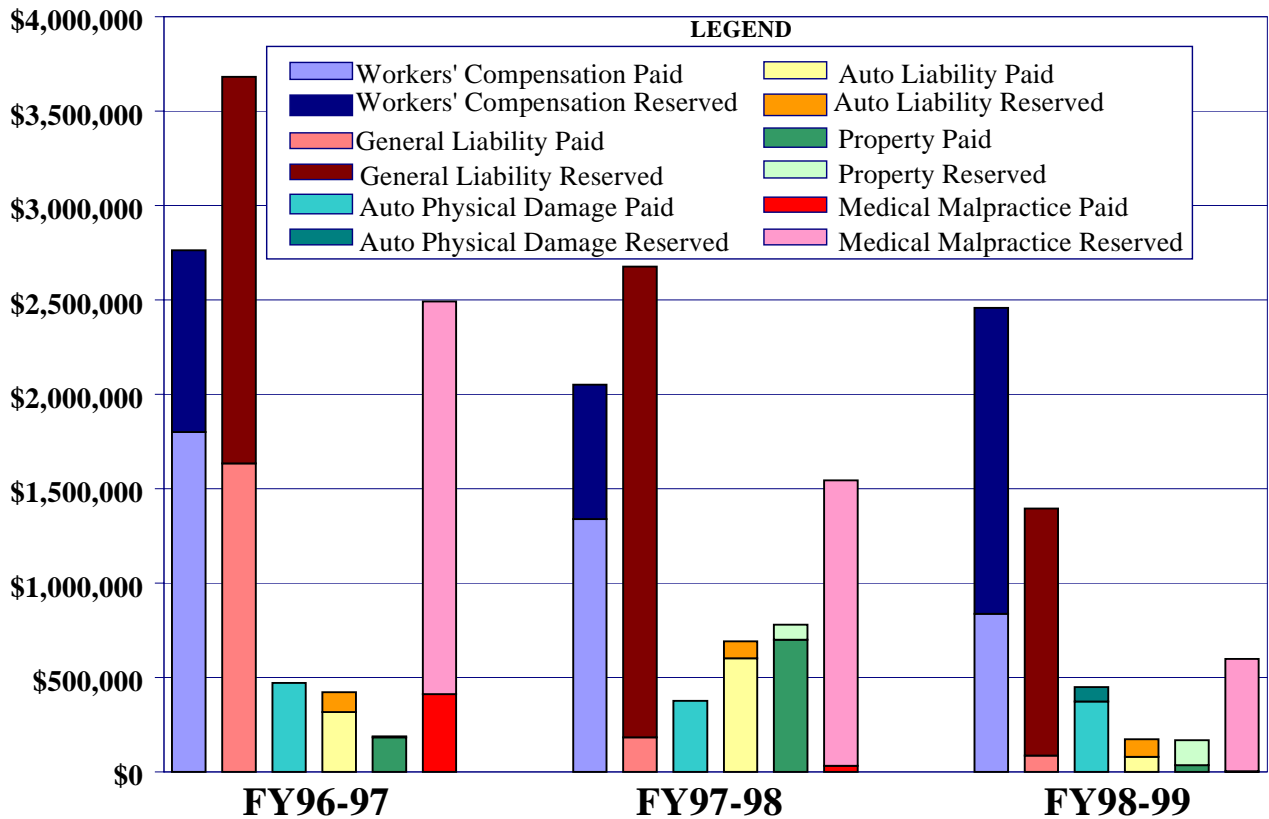
Typically, efforts to address the year 2000 issue progress through the following four stages. However, the completion of these stages does not guarantee that the Funds' systems and equipment will be year 2000-compliant.

- Awareness – Establishing a project plan and budget for dealing with the year 2000 issue.
- Assessment – Identifying systems and equipment that are critical to the Funds' operations.
- Remediation – Making changes to systems and equipment.
- Validation/testing – Testing the changes made to systems and equipment and reviewing the test results.

The Funds have identified 3 computer systems and electronic equipment groups that are critical to its operations. These mission-critical systems and equipment groups affect financial, liability claims, and payroll and payroll-related aspects of the Funds' operations. The Funds have completed the validation/testing stage for all its mission-critical systems and electronic equipment groups.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Funds are or will be year 2000 ready, that the Funds' remediation efforts will be successful in whole or in part, or those parties with whom the Funds do business will be year 2000 ready.

## TOTAL COST INCURRED FY96-97 TO FY98-99



		Workers' Compensation	General Liability	Auto Physical Damage	Auto Liability	Property	Medical Malpractice	Total
FY96-97	\$Paid	\$1,799,307	\$1,633,937	\$471,577	\$316,983	\$181,810	\$411,345	\$4,814,959
	Open Reserve	\$962,776	\$2,047,622	\$0	\$105,867	\$6,012	\$2,080,342	\$5,202,619
	Total Incurred	\$2,762,083	\$3,681,559	\$471,577	\$422,850	\$187,822	\$2,491,687	\$10,017,578
FY97-98	\$Paid	\$1,339,165	\$183,597	\$376,330	\$601,989	\$699,703	\$31,041	\$3,231,825
	Open Reserve	\$712,463	\$2,492,995	\$458	\$90,203	\$80,115	\$1,512,477	\$4,888,711
	Total Incurred	\$2,051,628	\$2,676,592	\$376,788	\$692,192	\$779,818	\$1,543,518	\$8,120,536
FY98-99	\$Paid	\$836,068	\$86,237	\$372,835	\$80,397	\$36,267	\$3,627	\$1,415,431
	Open Reserve	\$1,621,306	\$1,308,785	\$76,568	\$92,370	\$131,238	\$595,258	\$3,825,525
	Total Incurred	\$2,457,374	\$1,395,022	\$449,403	\$172,767	\$167,505	\$598,885	\$5,240,956
TOTAL FY97-99	\$Paid	\$3,974,540	\$1,903,771	\$1,220,742	\$999,369	\$917,780	\$446,013	\$9,462,215
	Open Reserve	\$3,296,545	\$5,849,402	\$77,026	\$288,440	\$217,365	\$4,188,077	\$13,916,855
	Total Incurred	\$7,271,085	\$7,753,173	\$1,297,768	\$1,287,809	\$1,135,145	\$4,634,090	\$23,379,070

Notes: 1. Dollars Paid represents the amount paid for the year in which the event occurred.  
2. Amounts as valued on June 30, 1999, as reported in the Riskmaster system except for Workers' Compensation amounts as valued on June 30, 1999, as reported by the Tristar System.

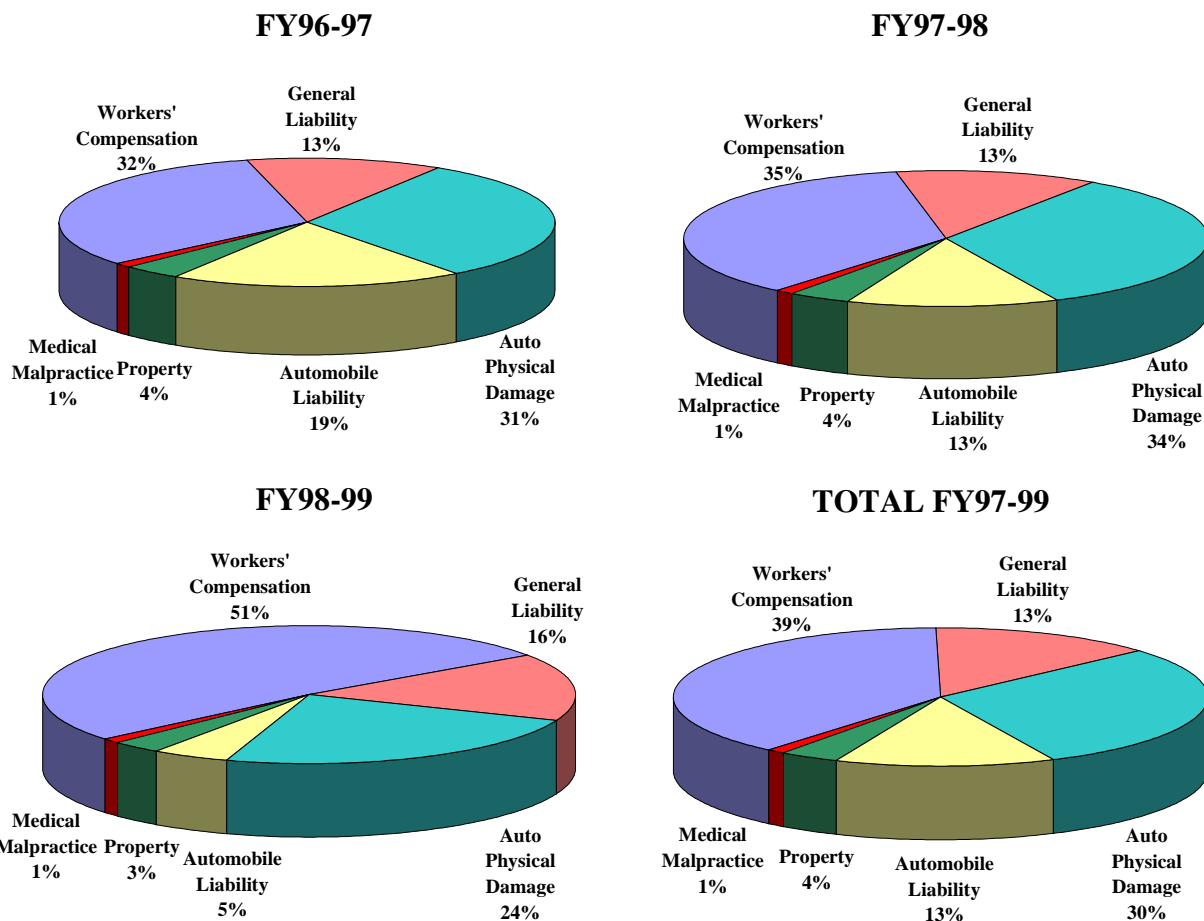


**TOTAL CLAIMS SUMMARY TABLE**  
**FY96-97 TO FY98-99**  
**Top 25 Departments**

Department	FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
	#Claims	\$Paid	#Claims	\$Paid	#Claims	\$Paid	#Claims	\$Paid
ADULT PROBATION	37	\$27,798	39	\$47,995	29	\$8,321	105	\$84,114
ALTCS	34	\$54,445	20	\$5,086	24	\$41,970	78	\$101,501
ANIMAL CONTROL	21	\$11,490	61	\$34,344	31	\$15,625	113	\$61,460
BOARD SUPERVISORS	8	\$931,624	7	\$29,305	1	\$7,779	16	\$968,707
CLERK SUPER COURT	39	\$60,813	30	\$19,830	27	\$21,924	96	\$102,567
CORRECT'NAL HEALTH	22	\$56,468	20	\$3,921	16	\$1,667	58	\$62,055
COUNTY ASSESSOR	12	\$40,291	9	\$9,032	14	\$31,274	35	\$80,597
COUNTY ATTORNEY	43	\$31,950	36	\$50,237	34	\$15,028	113	\$97,215
ENVIRO SERVICES	71	\$138,822	31	\$19,766	22	\$3,561	124	\$162,148
EQUIP SERVICES	29	\$58,007	30	\$5,137	19	\$31,786	78	\$94,930
FACILITIES MGMT	52	\$45,543	49	\$626,150	21	\$9,900	122	\$681,593
FLOOD CONTROL	104	\$129,295	90	\$114,830	37	\$26,942	231	\$271,067
HOUSING	84	\$126,188	29	\$24,790	17	\$15,079	130	\$166,057
HUMAN SERVICES	45	\$57,861	37	\$32,231	26	\$13,342	108	\$103,434
JUVENILE COURT	44	\$31,728	44	\$107,780	39	\$26,089	127	\$165,597
LIBRARY	13	\$130,450	10	\$2,678	9	\$4,540	32	\$137,668
MCDOT	351	\$232,503	297	\$116,908	207	\$91,594	855	\$441,004
MEDICAL CENTER	249	\$704,177	239	\$479,566	253	\$149,743	741	\$1,333,486
PARKS & REC	74	\$82,840	61	\$43,403	45	\$9,669	180	\$135,911
PLAN & INFRA	17	\$126,389	16	\$15,813	10	\$5,637	43	\$147,839
PUBLIC HEALTH	79	\$99,448	43	\$44,904	49	\$42,173	171	\$186,525
SHERIFF	988	\$1,403,993	891	\$1,230,341	731	\$713,776	2610	\$3,348,110
SOLID WASTE	27	\$8,529	33	\$77,667	7	\$8,814	67	\$95,010
SUPERIOR COURTS	28	\$136,423	18	\$9,655	22	\$30,348	68	\$176,427
All Others	129	\$87,886	114	\$80,459	110	\$88,846	353	\$257,192
Totals	2600	\$4,814,959	2254	\$3,231,825	1800	\$1,415,431	6654	\$9,462,215

- Notes: 1. Dollars Paid represents the total amount paid for the year in which the event occurred and does not include Reported but not Paid nor IBNR reserves.
2. Amounts as valued on June 30, 1999, as reported in the Riskmaster system except for Workers' Compensation amounts as valued on June 30, 1999, as reported by the Tristar system.

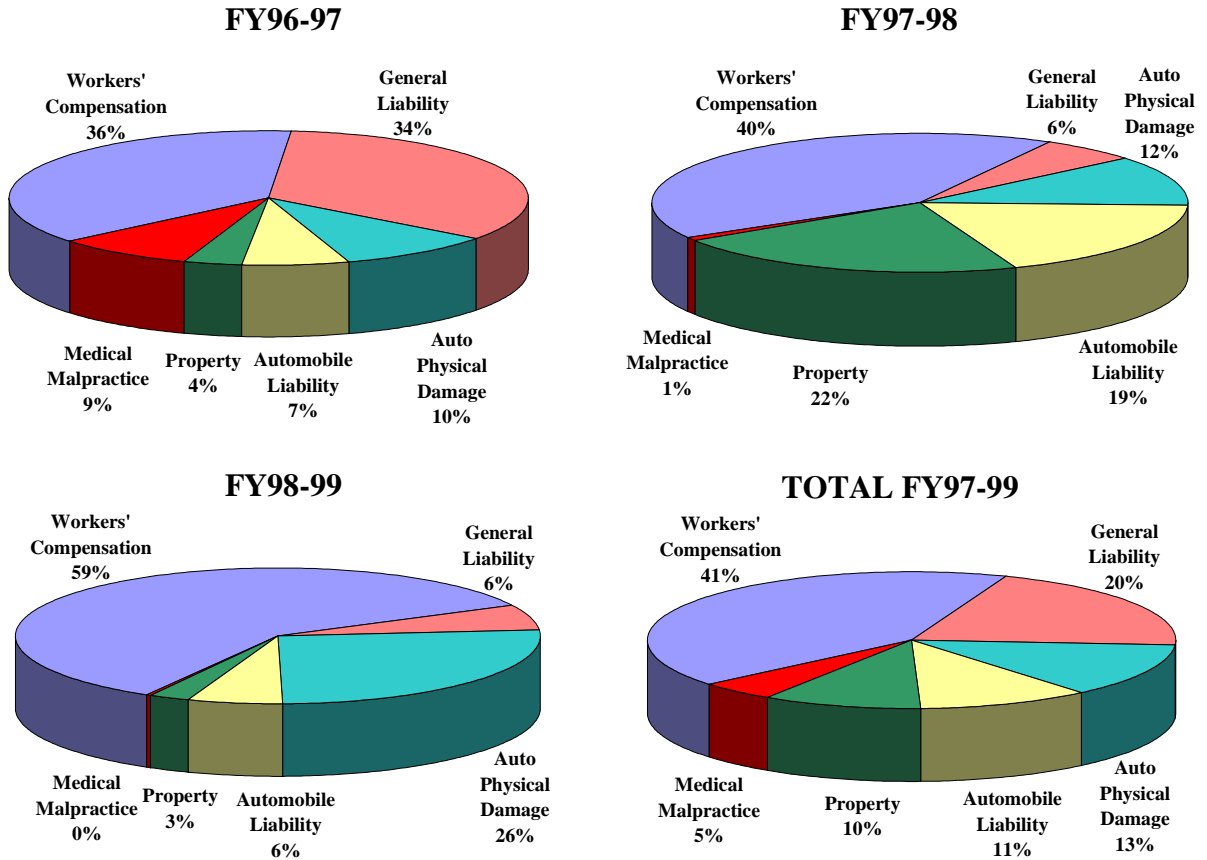
## TOTAL NUMBER OF CLAIMS FROM FY96-97 TO FY98-99



	FY96-97	FY97-98	FY98-99	TOTAL FY97-99
Workers' Compensation	838	807	926	2571
General Liability	329	283	286	898
Auto Physical Damage	805	759	428	1992
Automobile Liability	496	292	84	872
Property	102	88	56	246
Medical Malpractice	30	25	20	75
<b>TOTAL</b>	<b>2600</b>	<b>2254</b>	<b>1800</b>	<b>6654</b>

- Notes: 1. Number of claims paid represents the amount of claims for the year in which the event occurred.
2. Amounts as valued on June 30, 1999, as reported in the Riskmaster system except for Workers' Compensation amounts as valued on June 30, 1999, as reported by the Tristar system.

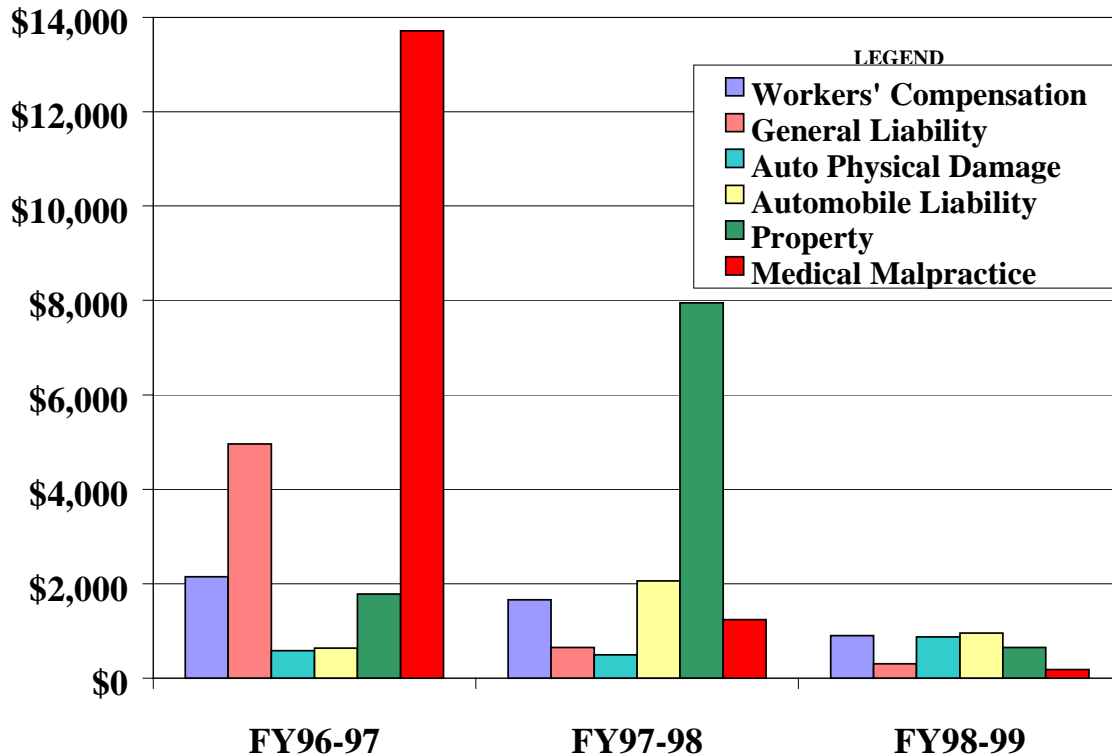
## TOTAL DOLLARS PAID FROM FY96-97 TO FY98-99



	FY96-97	FY97-98	FY98-99	TOTAL FY97-99
Workers' Compensation	\$1,799,307	\$1,339,165	\$836,068	\$3,974,540
General Liability	\$1,633,937	\$183,597	\$86,237	\$1,903,771
Auto Physical Damage	\$471,577	\$376,330	\$372,835	\$1,220,742
Automobile Liability	\$316,983	\$601,989	\$80,397	\$999,369
Property	\$181,810	\$699,703	\$36,267	\$917,780
Medical Malpractice	\$411,345	\$31,041	\$3,627	\$446,013
<b>TOTAL</b>	<b>\$4,814,959</b>	<b>\$3,231,825</b>	<b>\$1,415,431</b>	<b>\$9,462,215</b>

- Notes: 1. Dollars Paid represents the amount paid for the year in which the event occurred and does not include Reported but not Paid nor IBNR reserves.
2. Amounts as valued on June 30, 1999, as reported in the Riskmaster system except for Workers' Compensation amounts as valued on June 30, 1999, as reported by the Tristar System.

# AVERAGE COST PER CLAIM FY96-97 TO FY98-99



	FY96-97	FY97-98	FY98-99	Total FY97-99
Workers' Compensation	\$2,147	\$1,659	\$903	\$1,546
General Liability	\$4,966	\$649	\$302	\$2,120
Auto Physical Damage	\$586	\$496	\$871	\$613
Automobile Liability	\$639	\$2,062	\$957	\$1,146
Property	\$1,782	\$7,951	\$648	\$3,731
Medical Malpractice	\$13,712	\$1,242	\$181	\$5,947
<b>Total Average Cost Per Claim</b>	<b>\$1,852</b>	<b>\$1,434</b>	<b>\$786</b>	<b>\$1,422</b>

- Notes:
1. Average cost per claim represents the dollars paid for the year in which the event occurred per category divided by the number of claims for the year in which the event occurred per category.
  2. Total average cost per claim represents the dollars paid for the year in which the event occurred for all categories divided by the number of claims for the year in which the event occurred for all categories.
  3. Amounts as valued on June 30, 1999, as reported in the Riskmaster system except for Workers' Compensation amounts as valued on June 30, 1999, as reported by the Tristar system.

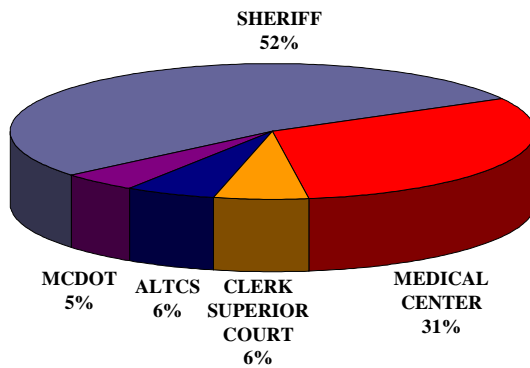
**WORKERS' COMPENSATION SUMMARY**  
**FY96-97 TO FY98-99**  
**Top 25 Departments**

Department	FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
	#Claims	\$Paid	#Claims	\$Paid	#Claims	\$Paid	#Claims	\$Paid
ADULT PROBATION	21	\$18,386	19	\$13,049	26	\$6,182	66	\$37,617
ALTCS	32	\$45,379	18	\$4,506	23	\$39,763	73	\$89,649
ANIMAL CONTROL	15	\$4,507	18	\$10,767	13	\$8,036	46	\$23,310
BOARD SUPERVISORS	2	\$1,418	3	\$29,305	1	\$7,779	6	\$38,502
CLERK SUPER COURT	33	\$59,998	19	\$18,036	24	\$21,725	76	\$99,758
CORRECT'NAL HEALTH	11	\$38,681	9	\$3,181	12	\$1,628	32	\$43,490
COUNTY ASSESSOR	12	\$40,291	4	\$8,532	8	\$29,774	24	\$78,597
COUNTY ATTORNEY	11	\$4,948	9	\$12,840	16	\$13,188	36	\$30,976
ELECTIONS	3	\$605	2	\$475	15	\$29,584	20	\$30,664
ENVIRO SERVICES	10	\$121,190	6	\$13,713	13	\$1,713	29	\$136,615
FACILITIES MGMT	8	\$19,870	16	\$20,972	6	\$1,646	30	\$42,489
FLOOD CONTROL	21	\$47,077	7	\$12,137	13	\$15,948	41	\$75,161
HOUSING	4	\$28,733	2	\$162	5	\$3,381	11	\$32,277
HUMAN SERVICES	20	\$42,236	23	\$24,082	18	\$12,056	61	\$78,374
JUVENILE COURT	15	\$14,321	29	\$96,403	20	\$6,501	64	\$117,225
LIBRARY	4	\$106,218	3	\$1,909	5	\$2,587	12	\$110,714
MCDOT	28	\$14,811	29	\$56,179	26	\$40,215	83	\$111,205
MEDICAL CENTER	179	\$273,858	196	\$436,851	196	\$138,590	571	\$849,299
PARKS & REC	15	\$65,276	10	\$3,561	9	\$2,439	34	\$71,276
PLAN & INFRA	3	\$113,379	0	\$0	3	\$3,166	6	\$116,544
PUBLIC HEALTH	24	\$15,458	19	\$32,257	36	\$26,677	79	\$74,392
SHERIFF	308	\$555,495	304	\$477,319	380	\$362,772	992	\$1,395,586
SOLID WASTE	6	\$1,137	4	\$26,805	0	\$0	10	\$27,942
SUPERIOR COURTS	12	\$132,526	10	\$8,209	13	\$30,303	35	\$171,039
All Others	41	33506.89	48	27914.42	45	30415.6	134	91836.94
<b>Totals</b>	<b>838</b>	<b>\$1,799,307</b>	<b>807</b>	<b>\$1,339,165</b>	<b>926</b>	<b>\$836,068</b>	<b>2571</b>	<b>\$3,974,540</b>

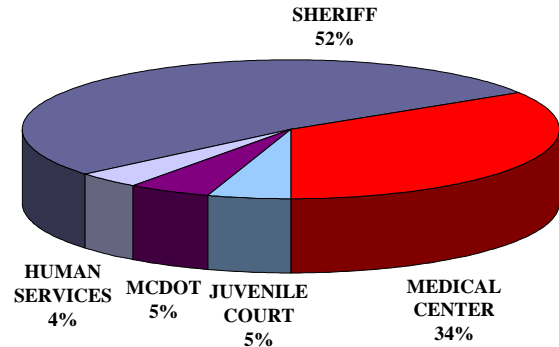
- Notes: 1. Dollars Paid represents the amount paid for the year in which the event occurred and does not include Reported but not Paid nor IBNR reserves.
2. Amounts as valued on June 30, 1999, as reported by the Tristar system.

# WORKERS' COMPENSATION NUMBER OF CLAIMS FROM FY96-97 TO FY98-99 – Top 5 Departments

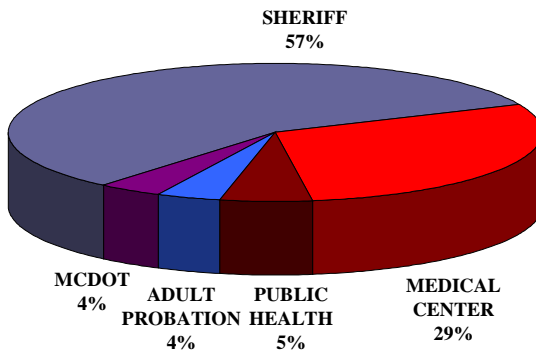
**FY96-97**



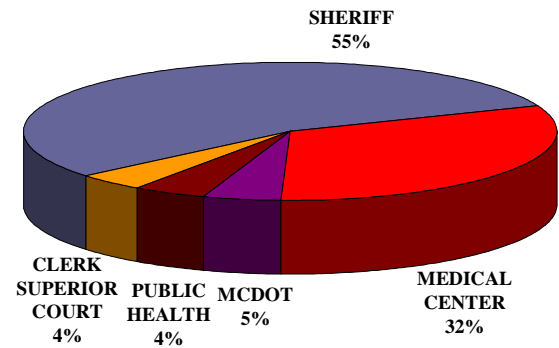
**FY97-98**



**FY98-99**



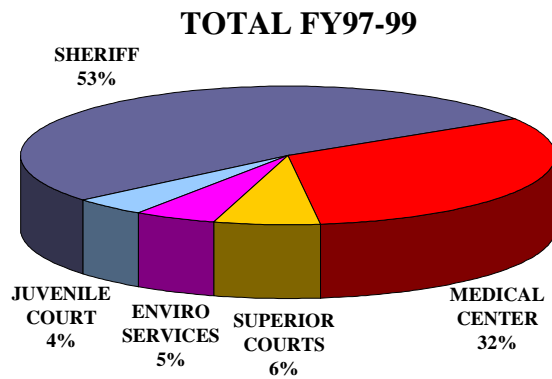
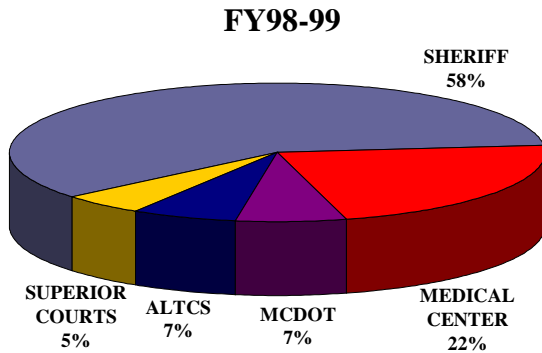
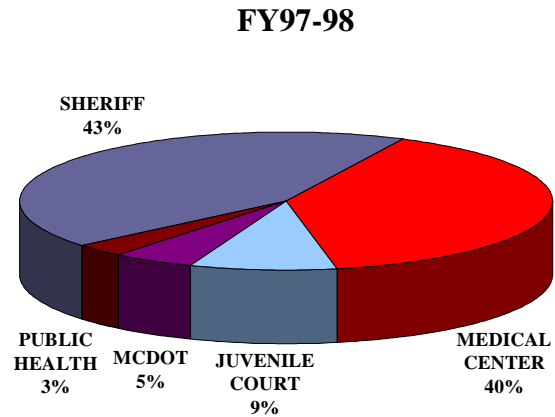
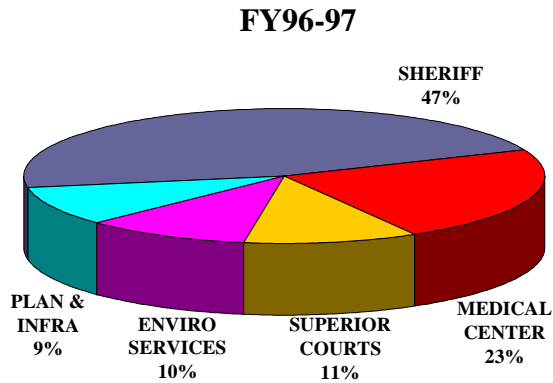
**TOTAL FY97-99**



FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
Department	#Claims	Department	#Claims	Department	#Claims	Department	#Claims
SHERIFF	308	SHERIFF	304	SHERIFF	380	SHERIFF	992
MEDICAL CENTER	179	MEDICAL CENTER	196	MEDICAL CENTER	196	MEDICAL CENTER	571
CLERK SUPERIOR COURT	33	JUVENILE COURT	29	PUBLIC HEALTH	36	MCDOT	83
ALTCS	32	MCDOT	29	ADULT PROBATION	26	PUBLIC HEALTH	79
MCDOT	28	HUMAN SERVICES	23	MCDOT	26	CLERK SUPERIOR COURT	76

- Notes: 1. Number of claims paid represents the amount of claims for the year in which the event occurred.
2. Amounts as valued on June 30, 1999, as reported by the Tristar system.

# DOLLARS PAID FOR WORKERS' COMPENSATION FROM FY96-97 TO FY97-98 – Top 5 Departments



FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
Department	\$Paid	Department	\$Paid	Department	\$Paid	Department	\$Paid
SHERIFF	\$555,495	SHERIFF	\$477,319	SHERIFF	\$362,772	SHERIFF	\$1,395,586
MEDICAL CENTER	\$273,858	MEDICAL CENTER	\$436,851	MEDICAL CENTER	\$138,590	MEDICAL CENTER	\$849,299
SUPERIOR COURTS	\$132,526	JUVENILE COURT	\$96,403	MCDOT	\$40,215	SUPERIOR COURTS	\$171,039
ENVIRO SERVICES	\$121,190	MCDOT	\$56,179	ALTCS	\$39,763	ENVIRO SERVICES	\$136,615
PLAN & INFRA	\$113,379	PUBLIC HEALTH	\$32,257	SUPERIOR COURTS	\$30,303	JUVENILE COURT	\$117,225

- Notes: 1. Dollars Paid represents the amount paid for the year in which the event occurred and does not include Reported but not Paid nor IBNR reserves
2. Amounts as valued on June 30, 1999, as reported by the Tristar system.

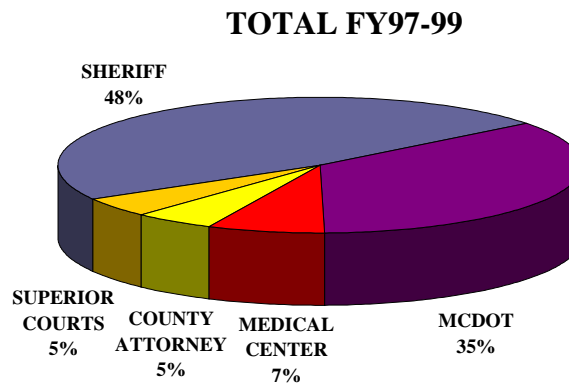
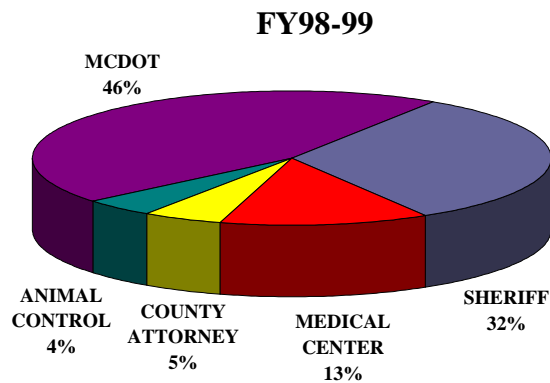
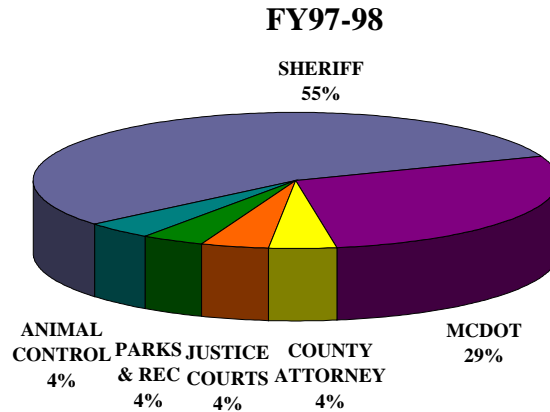
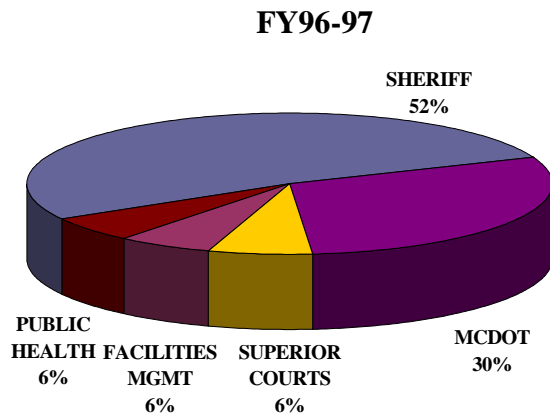
**GENERAL LIABILITY LOSS SUMMARY**  
**FY96-97 TO FY98-99**  
**Top 25 Departments**

Department	FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ALTCS	1	\$9,066	0	\$0	0	\$0	1	\$9,066
ANIMAL CONTROL	3	\$6,476	9	\$2,610	10	\$2,243	22	\$11,329
BOARD SUPERVISORS	5	\$930,000	4	\$0	0	\$0	9	\$930,000
CONSTABLES	2	\$2,254	1	\$3	1	\$0	4	\$2,257
CORRECT'NAL HEALTH	1	\$3,386	3	\$160	3	\$40	7	\$3,586
COUNTY ATTORNEY	13	\$10,873	9	\$18,763	12	\$926	34	\$30,562
ELECTIONS	4	\$694	0	\$0	1	\$0	5	\$694
FACILITIES MGMT	14	\$4,515	6	\$2,267	4	\$690	24	\$7,471
FLOOD CONTROL	5	\$563	7	\$7,984	3	\$0	15	\$8,547
HOUSING	5	\$1,547	2	\$1,307	3	\$0	10	\$2,854
HUMAN SERVICES	1	\$10,000	1	\$0	1	\$0	3	\$10,000
INDIGENT REP/PUB DEF	7	\$503	6	\$16	3	\$42	16	\$560
JUSTICE COURTS	11	\$8	9	\$8,537	6	\$14,924	26	\$23,470
JUVENILE COURT	2	\$2,891	0	\$0	4	\$0	6	\$2,891
LONG TERM CARE	1	\$0	1	\$1,975	0	\$0	2	\$1,975
MCDOT	71	\$103,770	63	\$10,191	104	\$7,203	238	\$121,164
MEDICAL CENTER	11	\$18,066	7	\$4,657	30	\$5,398	48	\$28,122
PARKS & RECREATION	6	\$5,401	9	\$24,901	5	\$174	20	\$30,476
PLANNING & INFRA	1	\$0	3	\$5,845	1	\$31	5	\$5,875
PUBLIC FIDUCIARY	1	\$2,704	0	\$0	0	\$0	1	\$2,704
PUBLIC HEALTH	14	\$7,811	4	\$3,005	1	\$473	19	\$11,289
SHERIFF	124	\$512,444	122	\$55,753	74	\$46,094	320	\$614,291
SOLID WASTE	0	\$0	1	\$35,101	1	\$7,930	2	\$43,030
SUPERIOR COURTS	15	\$964	7	\$264	9	\$45	31	\$1,273
All Others	11	\$0	9	\$259	10	\$25	30	\$284
<b>Totals</b>	<b>329</b>	<b>\$1,633,937</b>	<b>283</b>	<b>\$183,597</b>	<b>286</b>	<b>\$86,237</b>	<b>898</b>	<b>\$1,903,771</b>

- Notes: 1. Dollars Paid represents the amount paid for the year in which the event occurred and does not include Reported but not Paid nor IBNR reserves.
2. Amounts as valued on June 30, 1999, as reported by the Riskmaster system.



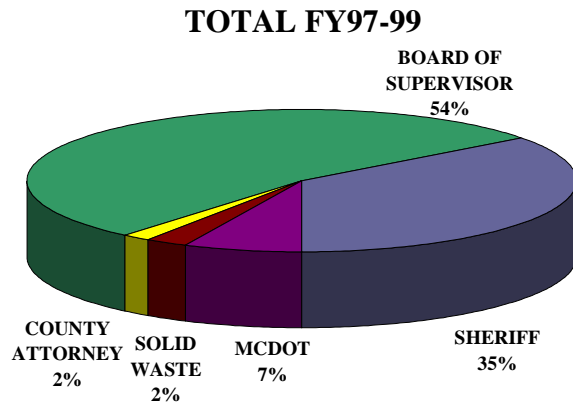
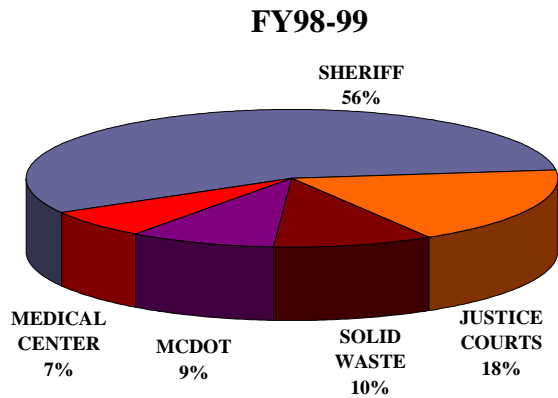
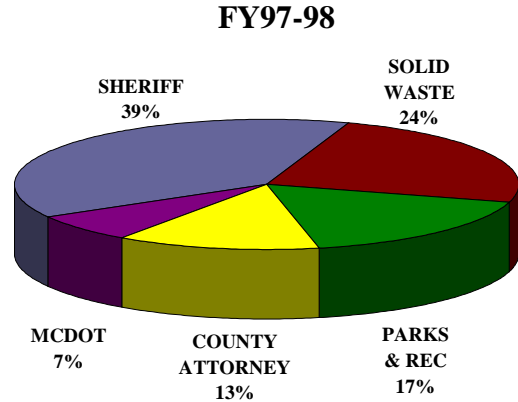
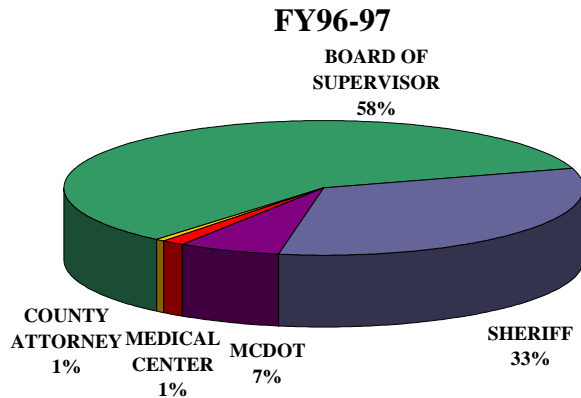
# GENERAL LIABILITY NUMBER OF CLAIMS FROM FY96-97 TO FY98-99 – TOP 5 Departments



FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
Department	#Claims	Department	#Claims	Department	#Claims	Department	#Claims
SHERIFF	124	SHERIFF	122	MCDOT	104	SHERIFF	320
MCDOT	71	MCDOT	63	SHERIFF	74	MCDOT	238
SUPERIOR COURTS	15	COUNTY ATTORNEY	9	MEDICAL CENTER	30	MEDICAL CENTER	48
FACILITIES MGMT	14	JUSTICE COURTS	9	COUNTY ATTORNEY	12	COUNTY ATTORNEY	34
PUBLIC HEALTH	14	PARKS & REC	9	ANIMAL CONTROL	10	SUPERIOR COURTS	31
		ANIMAL CONTROL	9				

- Notes: 1. Number of claims paid represents the amount of claims for the year in which the event occurred.
2. Amounts as valued on June 30, 1999, as reported in the Riskmaster system.

## DOLLARS PAID FOR GENERAL LIABILITY FROM FY96-97 TO FY98-99 – Top 5 Departments



FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
Department	\$Paid	Department	\$Paid	Department	\$Paid	Department	\$Paid
BOARD OF SUPERVISORS	\$930,000	SHERIFF	\$55,753	SHERIFF	\$46,094	BOARD SUPERVISORS	\$930,000
SHERIFF	\$512,444	SOLID WASTE	\$35,101	JUSTICE COURTS	\$14,924	SHERIFF	\$614,291
MCDOT	\$103,770	PARKS & REC	\$24,901	SOLID WASTE	\$7,930	MCDOT	\$121,164
MEDICAL CENTER	\$18,066	COUNTY ATTORNEY	\$18,763	MCDOT	\$7,203	SOLID WASTE	\$43,030
COUNTY ATTORNEY	\$10,873	MCDOT	\$10,191	MEDICAL CENTER	\$5,398	COUNTY ATTORNEY	\$30,562

- Notes: 1. Dollars Paid represents the amount paid for the year in which the event occurred and does not include Reported but not Paid nor IBNR reserves.
2. Amounts as valued on June 30, 1999, as reported in the Riskmaster system.

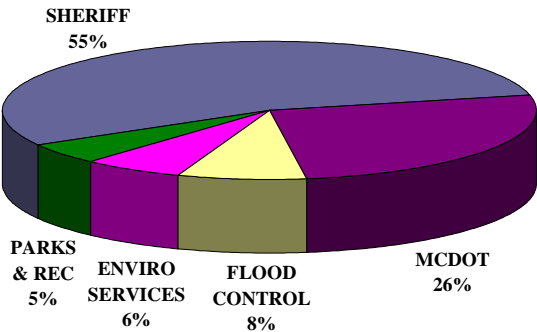
**AUTO PHYSICAL DAMAGE LOSS SUMMARY**  
**FY96-97 TO FY98-99**  
**Top 25 Departments**

Department	FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	8	\$2,569	11	\$5,446	1	\$0	20	\$8,015
ANIMAL CONTROL	2	\$507	21	\$7,938	7	\$5,347	30	\$13,791
CONSTABLES	6	\$662	10	\$4,525	3	\$4,895	19	\$10,083
CORRECT'NAL HEALTH	2	\$4,809	3	\$352	0	\$0	5	\$5,161
COUNTY ATTORNEY	13	\$16,029	14	\$9,000	6	\$914	33	\$25,943
ELECTIONS	1	\$0	0	\$0	12	\$3,602	13	\$3,602
ENVIRO SERVICES	36	\$11,683	14	\$4,098	5	\$1,848	55	\$17,629
EQUIPMENT SERVICES	12	\$3,212	18	\$2,451	11	\$23,276	41	\$28,939
FACILITIES MGMT	13	\$7,667	13	\$15,311	7	\$4,188	33	\$27,166
FLOOD CONTROL	47	\$19,363	52	\$31,862	16	\$2,743	115	\$53,968
HOUSING	18	\$2,918	11	\$6,580	5	\$734	34	\$10,232
HUMAN SERVICES	16	\$4,976	7	\$1,187	4	\$447	27	\$6,610
INDIGENT REP/PUB DEF	5	\$13,529	6	\$1,751	2	\$1,698	13	\$16,978
JUVENILE COURT	16	\$12,881	10	\$6,918	12	\$15,745	38	\$35,544
LIBRARY	5	\$9,819	4	\$769	4	\$1,953	13	\$12,541
MCDOT	156	\$66,216	134	\$37,570	60	\$33,868	350	\$137,654
MEDICAL CENTER	22	\$6,115	14	\$6,262	6	\$1,045	42	\$13,422
MEDICAL ELIGIBILITY	6	\$3,391	2	\$228	1	\$325	9	\$3,944
PARKS & REC	30	\$6,525	28	\$9,572	20	\$7,041	78	\$23,139
PLAN & INFRA	9	\$11,699	10	\$9,539	6	\$2,441	25	\$23,678
PUBLIC HEALTH	22	\$11,736	11	\$2,594	6	\$4,956	39	\$19,286
SHERIFF	326	\$242,474	330	\$199,643	216	\$251,248	872	\$693,364
SOLID WASTE	16	\$5,271	19	\$9,686	4	\$767	39	\$15,725
TELECOM	8	\$5,274	4	\$353	2	\$174	14	\$5,801
All Others	10	\$2,251	13	\$2,696	12	\$3,580	35	\$8,527
<b>Total</b>	<b>805</b>	<b>\$471,577</b>	<b>759</b>	<b>\$376,330</b>	<b>428</b>	<b>\$372,835</b>	<b>1992</b>	<b>\$1,220,742</b>

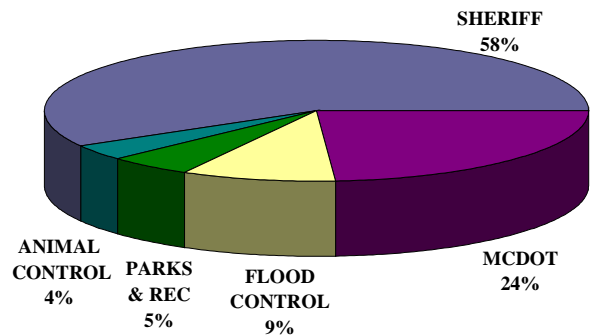
- Notes: 1. Dollars Paid represents the amount paid for the year in which the event occurred and does not include Reported but not Paid nor IBNR reserves.
2. Amounts as valued on June 30, 1999, as reported by the Riskmaster system.

# **AUTO PHYSICAL DAMAGE NUMBER OF CLAIMS** **FROM FY96-97 TO FY98-99 – TOP 5 Departments**

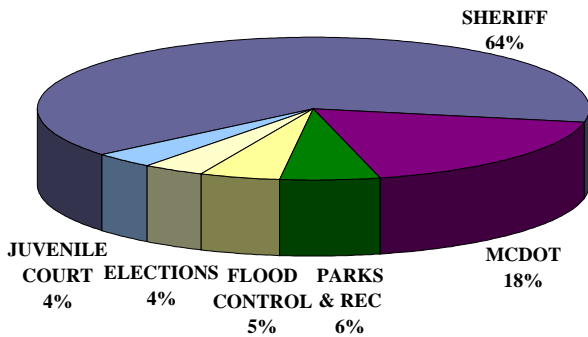
**FY96-97**



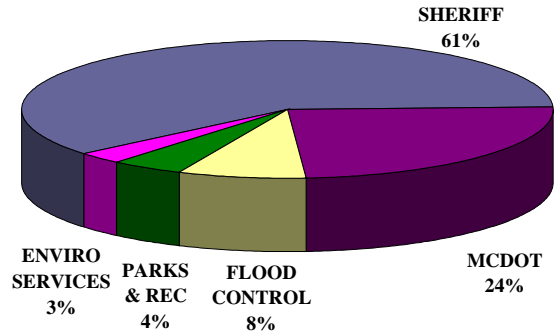
**FY97-98**



**FY98-99**



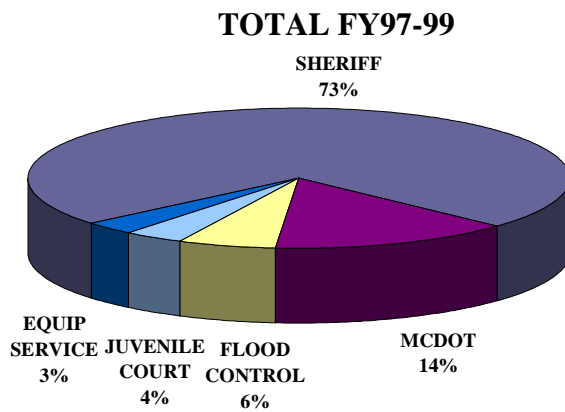
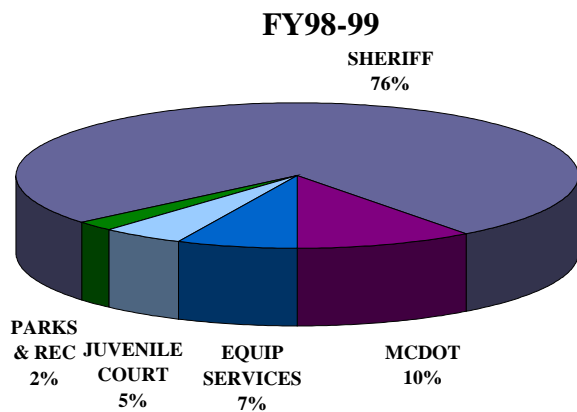
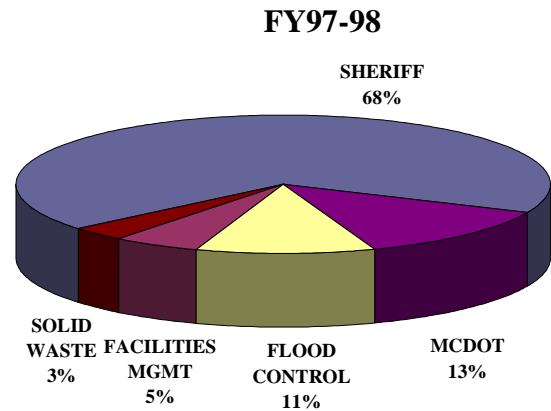
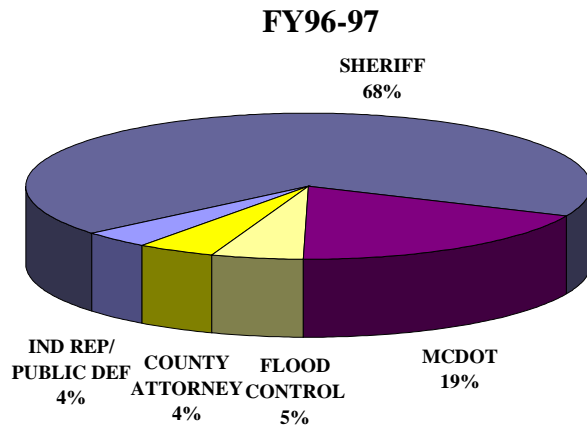
**TOTAL FY97-99**



FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
Department	#Claims	Department	#Claims	Department	#Claims	Department	#Claims
SHERIFF	326	SHERIFF	330	SHERIFF	216	SHERIFF	872
MCDOT	156	MCDOT	134	MCDOT	60	MCDOT	350
FLOOD CONTROL	47	FLOOD CONTROL	52	PARKS & REC	20	FLOOD CONTROL	115
ENVIRO SERVICES	36	PARKS & REC	28	FLOOD CONTROL	16	PARKS & REC	78
PARKS & REC	30	ANIMAL CONTROL	21	ELECTIONS	12	ENVIRO SERVICES	55
				JUVENILE COURT	12		

- Notes: 1. Number of claims paid represents the amount of claims for the year in which the event occurred.  
2. Amounts as valued on June 30, 1999, as reported by the Riskmaster system.

## DOLLARS PAID FOR AUTO PHYSICAL DAMAGE FROM FY96-97 TO FY98-99 – Top 5 Departments



FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
Department	\$Paid	Department	\$Paid	Department	\$Paid	Department	\$Paid
SHERIFF	\$242,474	SHERIFF	\$199,643	SHERIFF	\$251,248	SHERIFF	\$693,364
MCDOT	\$66,216	MCDOT	\$37,570	MCDOT	\$33,868	MCDOT	\$137,654
FLOOD CONTROL	\$19,363	FLOOD CONTROL	\$31,862	EQUIP SERV	\$23,276	FLOOD CONTROL	\$53,968
COUNTY ATTORNEY	\$16,029	FACILITIES MGMT	\$15,311	JUVENILE COURT	\$15,745	JUVENILE COURT	\$35,544
IND REP/PUBLIC DEF	\$13,529	SOLID WASTE	\$9,686	PARKS & REC	\$7,041	EQUIP SERV	\$28,939

- Notes: 1. Dollars Paid represents the amount paid for the year in which the event occurred and does not include Reported but not Paid nor IBNR reserves.
2. Amounts as valued on June 30, 1999, as reported by the Tristar system.

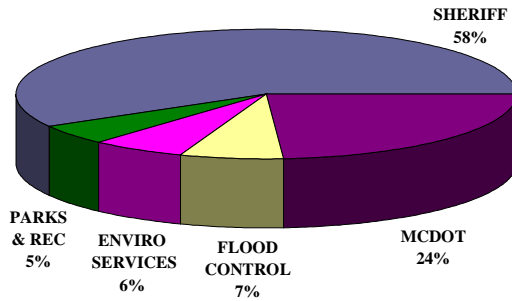
**AUTOMOBILE LIABILITY LOSS SUMMARY**  
**FY96-97 TO FY98-99**  
**Top 25 Departments**

Department	FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	5	\$6,843	5	\$678	0	0	10	\$7,521
ANIMAL CONTROL	1	\$0	13	\$13,029	1	\$0	15	\$13,029
CORRECT'NAL HEALTH	2	\$1,062	0	0	0	0	2	\$1,062
COUNTY ASSESSOR	0	0	2	\$500	0	0	2	\$500
COUNTY ATTORNEY	6	\$100	4	\$9,634	0	0	10	\$9,734
ELECTIONS	4	\$1,680	0	0	9	\$3,241	13	\$4,921
EMERGENCY MGMT	1	\$4,500	1	\$0	0	0	2	\$4,500
ENVIRO SERVICES	22	\$2,133	9	\$1,887	1	\$0	32	\$4,020
EQUIP SERVICES	11	\$48,137	8	\$920	2	\$414	21	\$49,471
FACILITIES MGMT	6	\$0	3	\$7,380	2	\$1,890	11	\$9,270
FLOOD CONTROL	25	\$44,143	21	\$59,938	3	\$7,566	49	\$111,648
HOUSING	10	\$16,811	6	\$10,555	0	0	16	\$27,366
HUMAN SERVICES	7	\$648	2	\$1,957	1	\$840	10	\$3,445
INDIGENT REP/PUB DEF	5	\$50	4	\$1,448	0	0	9	\$1,498
LIBRARY	4	\$14,413	3	\$0	0	0	7	\$14,413
MCDOT	89	\$20,996	49	\$3,140	11	\$8,719	149	\$32,855
MEDICAL CENTER	14	\$4,730	3	\$0	3	\$3,290	20	\$8,020
MEDICAL ELIGIBILITY	2	\$1,663	1	\$0	0	0	3	\$1,663
PARKS & REC	19	\$4,539	9	\$1,562	0	0	28	\$6,101
PLAN & INFRA	4	\$1,311	3	\$430	0	0	7	\$1,741
PUBLIC HEALTH	17	\$52,285	6	\$2,287	4	\$10,067	27	\$64,640
SHERIFF	218	\$76,861	121	\$486,460	44	\$44,287	383	\$607,608
SOLID WASTE	5	\$2,120	6	\$0	0	0	11	\$2,120
TELECOM	3	\$11,508	2	\$0	1	\$0	6	\$11,508
All Others	16	\$450	11	\$183	2	\$83	29	\$716
<b>Total</b>	<b>496</b>	<b>\$316,983</b>	<b>292</b>	<b>\$601,989</b>	<b>84</b>	<b>\$80,397</b>	<b>872</b>	<b>\$999,369</b>

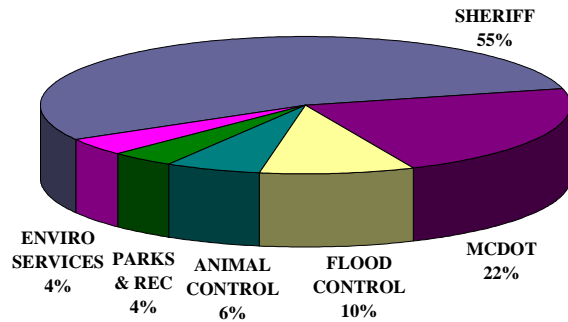
- Notes: 1. Dollars Paid represents the amount paid for the year in which the event occurred and does not include Reported but not Paid nor IBNR reserves.
2. Amounts as valued on June 30, 1999, as reported by the Riskmaster system.

## AUTOMOBILE LIABILITY NUMBER OF CLAIMS FROM FY96-97 TO FY98-99 – Top 5 Departments

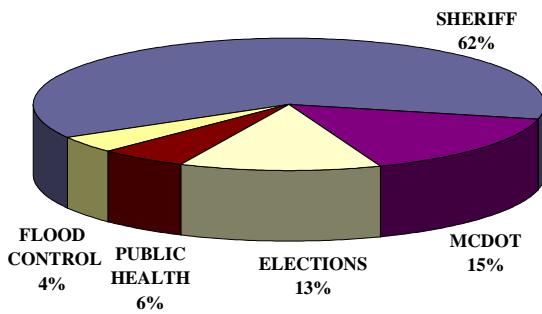
**FY96-97**



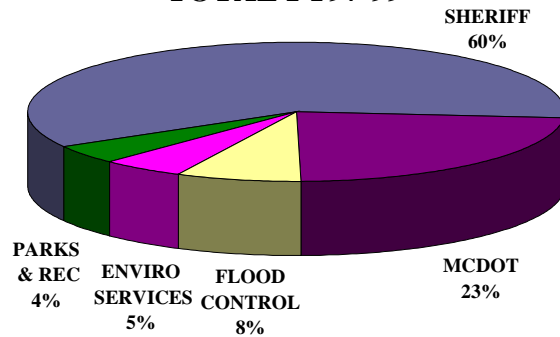
**FY97-98**



**FY98-99**



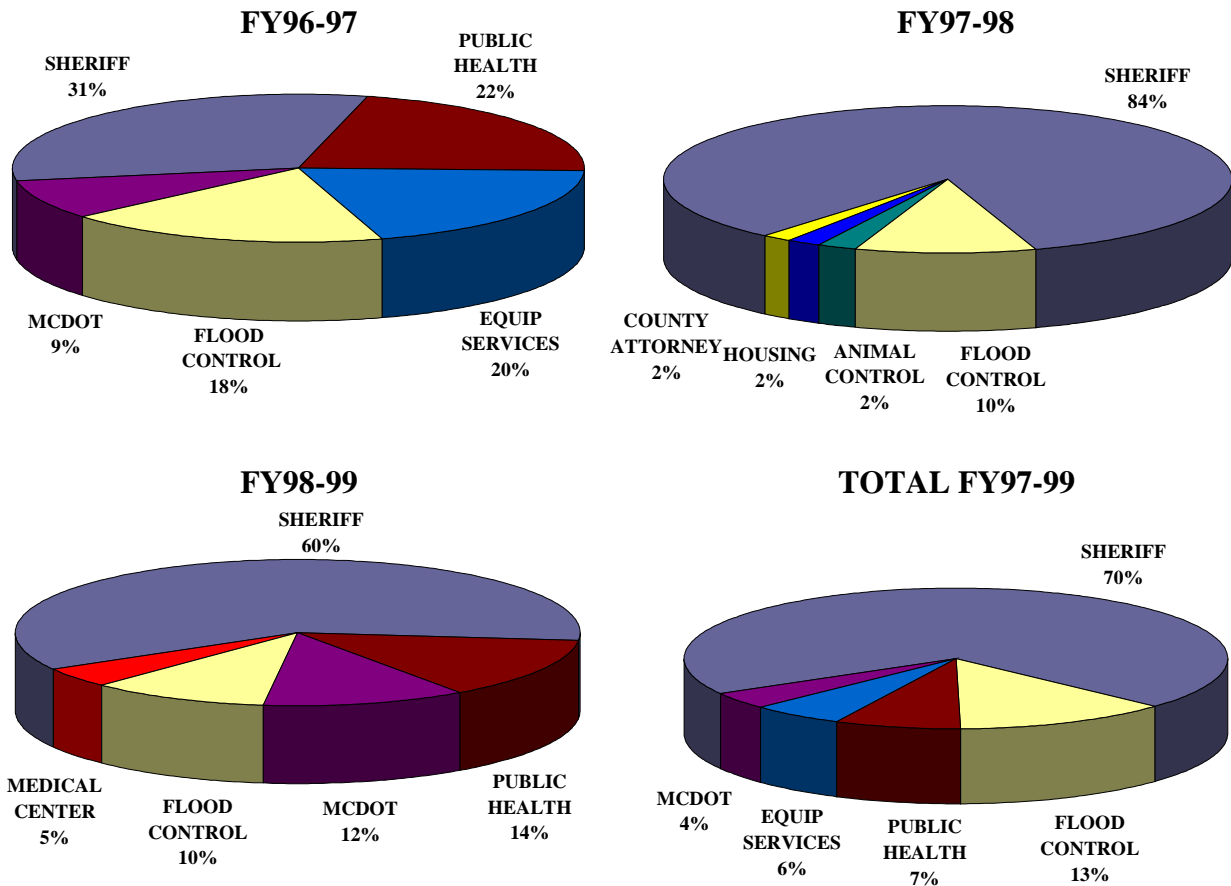
**TOTAL FY97-99**



FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
Department	#Claims	Department	#Claims	Department	#Claims	Department	#Claims
SHERIFF	218	SHERIFF	121	SHERIFF	44	SHERIFF	383
MCDOT	89	MCDOT	49	MCDOT	11	MCDOT	149
FLOOD CONTROL	25	FLOOD CONTROL	21	ELECTIONS	9	FLOOD	49
ENVIRO SERVICES	22	ANIMAL CONTROL	13	PUBLIC HEALTH	4	ENVIRO SERVICES	32
PARKS & REC	19	PARKS & REC	9	FLOOD CONTROL	3	PARKS & REC	28
		ENVIRO SERVICES	9				

- Notes: 1. Number of claims paid represents the amount of claims for the year in which the event occurred.
2. Amounts as valued on June 30, 1999, as reported by the Tristar system.

## DOLLARS PAID FOR AUTOMOBILE LIABILITY FROM FY96-97 TO FY98-99 – Top 5 Departments



FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
Department	\$Paid	Department	\$Paid	Department	\$Paid	Department	\$Paid
SHERIFF	\$76,861	SHERIFF	\$486,460	SHERIFF	\$44,287	SHERIFF	\$607,608
PUBLIC HEALTH	\$52,285	FLOOD CONTROL	\$59,938	PUBLIC HEALTH	\$10,067	FLOOD CONTROL	\$111,648
EQUIP SERVICES	\$48,137	ANIMAL CONTROL	\$13,029	MCDOT	\$8,719	PUBLIC HEALTH	\$64,640
FLOOD CONTROL	\$44,143	HOUSING	\$10,555	FLOOD CONTROL	\$7,566	EQUIP SERVICES	\$49,471
MCDOT	\$20,996	COUNTY ATTORNEY	\$9,634	MEDICAL CENTER	\$3,290	MCDOT	\$32,855

- Notes: 1. Dollars Paid represents the amount paid for the year in which the event occurred and does not include Reported but not Paid nor IBNR reserves.
2. Amounts as valued on June 30, 1999, as reported by the Riskmaster system.

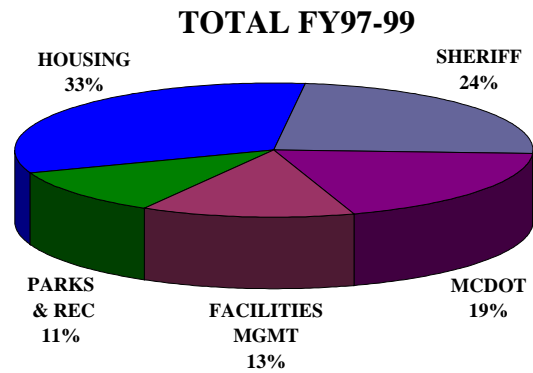
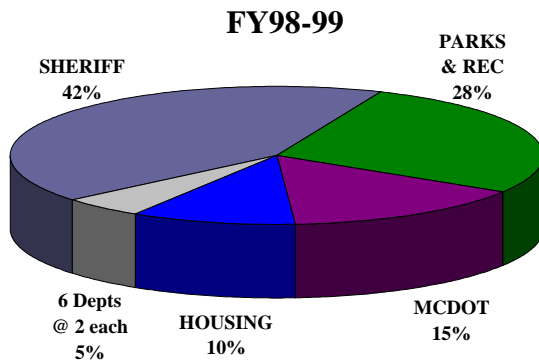
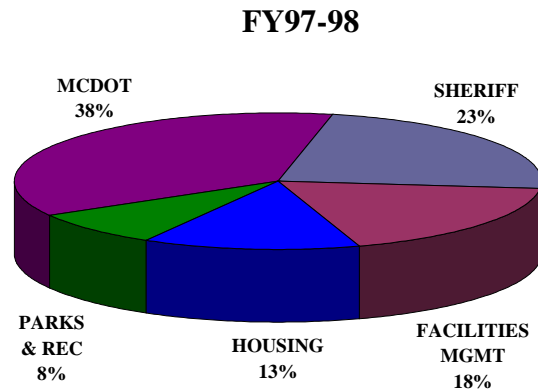
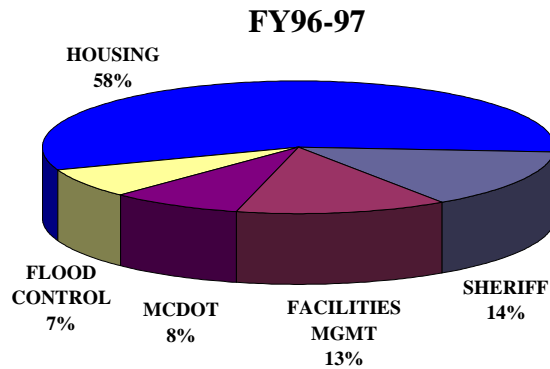


**PROPERTY LOSS SUMMARY**  
**FY96-97 TO FY98-99**  
**Top 25 Departments**

Department	FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	1	\$0	3	\$28,822	1	\$2,139	5	\$30,961
AMBULATORY CARE	0	\$0	2	\$13,607	0	\$0	2	\$13,607
COUNTY ADMIN	0	\$0	1	\$1,367	0	\$0	1	\$1,367
ENVIRO SERVICES	2	\$3,817	1	\$0	0	\$0	3	\$3,817
FACILITIES MGMT	11	\$13,491	11	\$580,220	2	\$1,486	24	\$595,197
FINANCE	0	\$0	1	\$15,084	0	\$0	1	\$15,084
FLOOD CONTROL	6	\$18,148	3	\$2,909	2	\$686	11	\$21,744
HOUSING	47	\$76,179	8	\$6,186	4	\$10,964	59	\$93,328
HUMAN SERVICES	1	\$0	4	\$5,004	2	\$0	7	\$5,004
JUSTICE COURTS	1	\$1,099	0	\$0	0	\$0	1	\$1,099
JUVENILE COURT	1	\$1,585	2	\$4,459	2	\$3,761	5	\$9,804
MATERIALS MGMT	1	\$5,367	0	\$0	1	\$0	2	\$5,367
MCDOT	7	\$26,710	22	\$9,827	6	\$1,589	35	\$38,126
MEDICAL CENTER	2	\$2,507	1	\$982	0	\$0	3	\$3,489
MEDICAL ELIGIBILITY	0	\$0	0	\$0	1	\$5,818	1	\$5,818
PARKS & REC	4	\$1,099	5	\$3,807	11	\$14	20	\$4,919
PUBLIC HEALTH	2	\$12,158	3	\$4,761	2	\$0	7	\$16,918
SHERIFF	12	\$16,719	14	\$11,167	17	\$9,375	43	\$37,260
SOLID WASTE	0	\$0	3	\$6,074	2	\$117	5	\$6,192
STAR CENTER	0	\$0	1	\$4,244	0	\$0	1	\$4,244
SUPERIOR COURTS	1	\$2,933	1	\$1,182	0	\$0	2	\$4,115
TREASURER	0	\$0	0	\$0	1	\$318	1	\$318
All Others	3	\$0	2	\$0	2	\$0	7	\$0
Totals	102	\$181,810	88	\$699,703	56	\$36,267	246	\$917,780

- Notes: 1. Dollars Paid represents the amount paid for the year in which the event occurred and does not include Reported but not Paid nor IBNR reserves.
2. Amounts as valued on June 30, 1999, as reported by the Riskmaster system.

## PROPERTY NUMBER OF CLAIMS FROM FY96-97 TO FY98-99 – Top 5 Departments

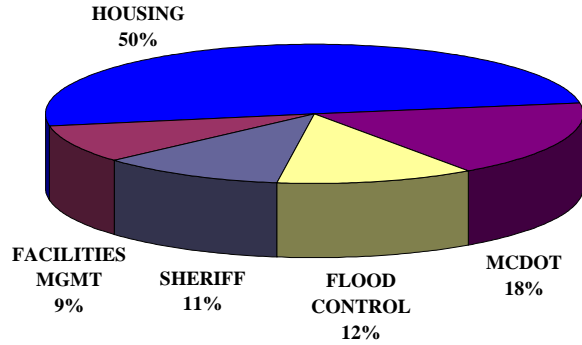


FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
Department	#Claims	Department	#Claims	Department	#Claims	Department	#Claims
HOUSING	47	MCDOT	22	SHERIFF	17	HOUSING	59
SHERIFF	12	SHERIFF	14	PARKS & REC	11	SHERIFF	43
FACILITIES MGMT	11	FACILITIES MGMT	11	MCDOT	6	MCDOT	35
MCDOT	7	HOUSING	8	HOUSING	4	FACILITIES MGMT	24
FLOOD CONTROL	6	PARKS & REC	5	6 DEPTS EACH @	2	PARKS & REC	20

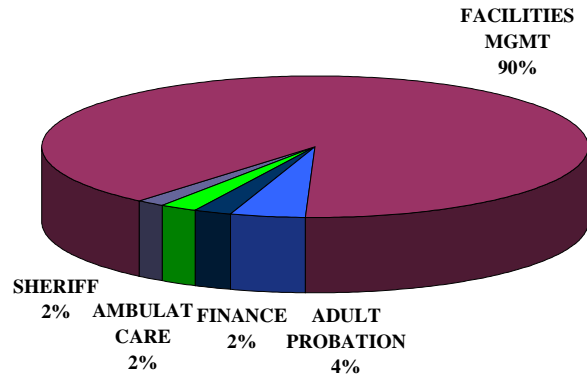
- Notes: 1. Number of claims paid represents the amount of claims for the year in which the event occurred.
2. Amounts as valued on June 30, 1999, as reported by the Riskmaster system.

# DOLLARS PAID FOR PROPERTY FROM FY96-97 TO FY98-99 – Top 5 Departments

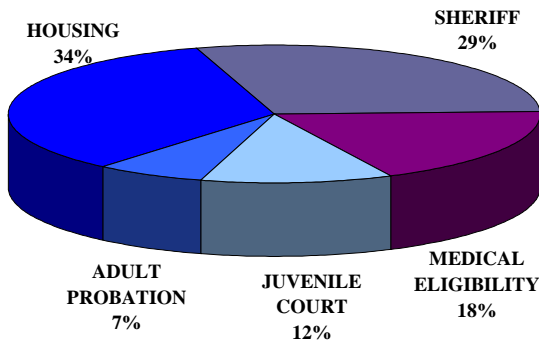
**FY96-97**



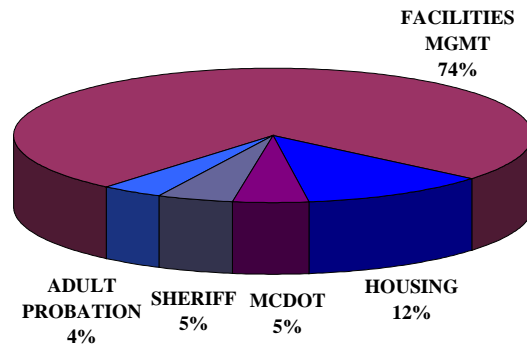
**FY97-98**



**FY98-99**



**TOTAL FY97-99**



FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
Department	\$Paid	Department	\$Paid	Department	\$Paid	Department	\$Paid
HOUSING	\$76,179	FACILITIES MGMT	\$580,220	HOUSING	\$10,964	FACILITIES MGMT	\$595,197
MCDOT	\$26,710	ADULT PROBATION	\$28,822	SHERIFF	\$9,375	HOUSING	\$93,328
FLOOD CONTROL	\$18,148	FINANCE	\$15,084	MEDICAL ELIGIBILITY	\$5,818	MCDOT	\$38,126
SHERIFF	\$16,719	AMBULATORY CARE	\$13,607	JUVENILE COURT	\$3,761	SHERIFF	\$37,260
FACILITIES MGMT	\$13,491	SHERIFF	\$11,167	ADULT PROBATION	\$2,139	ADULT PROBATION	\$30,961

- Notes: 1. Dollars Paid represents the amount paid for the year in which the event occurred and does not include Reported but not Paid nor IBNR reserves.  
2. Amounts as valued on June 30, 1999, as reported by the Riskmaster system.

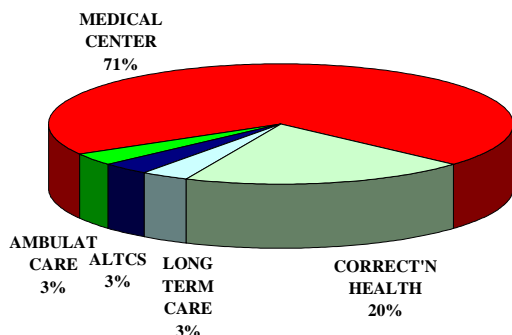
**MEDICAL MALPRACTICE LOSS SUMMARY**  
**FY96-97 TO FY98-99**  
**Top 5 Departments**

<b>Department</b>	<b>FY96-97</b>		<b>FY97-98</b>		<b>FY98-99</b>		<b>TOTAL FY97-99</b>	
	<b># Claims</b>	<b>\$ Paid</b>	<b># Claims</b>	<b>\$ Paid</b>	<b># Claims</b>	<b>\$ Paid</b>	<b># Claims</b>	<b>\$ Paid</b>
ALTCS	1	\$0	0	\$0	1	\$2,207	2	\$2,207
AMBULATORY CARE	1	\$2,604	2	\$0	0	\$0	3	\$2,604
CORRECTIONAL HLTH	6	\$8,529	5	\$228	1	\$0	12	\$8,757
LONG TERM CARE	1	\$1,312	0	\$0	0	\$0	1	\$1,312
MEDICAL CENTER	21	\$398,900	18	\$30,813	18	\$1,420	57	\$431,134
<b>Totals</b>	<b>30</b>	<b>\$411,345</b>	<b>25</b>	<b>\$31,041</b>	<b>20</b>	<b>\$3,627</b>	<b>75</b>	<b>\$446,013</b>

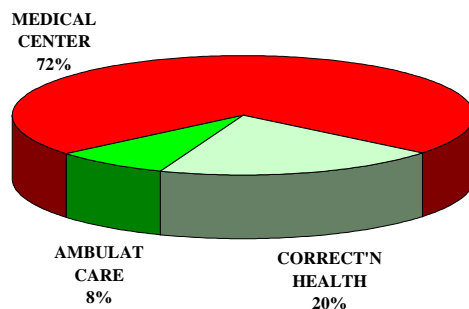
- Notes: 1. Dollars Paid represents the amount paid for the year in which the event occurred and does not include Reported but not Paid nor IBNR reserves.
2. Amounts as valued on June 30, 1999, as reported by the Riskmaster system.

## MEDICAL MALPRACTICE NUMBER OF CLAIMS AND DOLLARS PAID FROM FY96-97 TO FY98-99

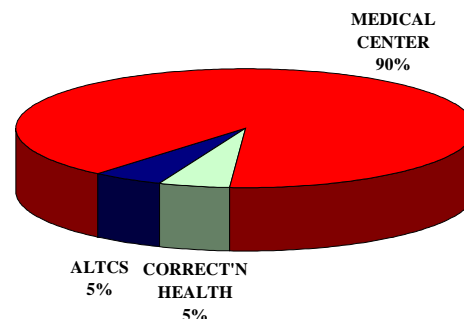
**FY96-97**



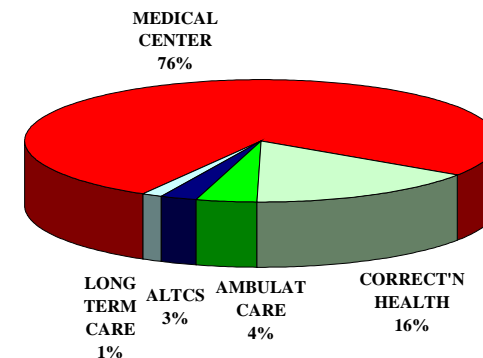
**FY97-98**



**FY98-99**



**TOTAL FY97-99**



FY96-97			FY97-98			FY98-99			TOTAL FY97-99		
Department	#Claims	\$Paid	Department	#Claims	\$Paid	Department	#Claims	\$Paid	Department	#Claims	\$Paid
MEDICAL CENTER	21	\$398,900	MEDICAL CENTER	18	\$30,813	MEDICAL CENTER	18	\$1,420	MEDICAL CENTER	57	\$431,134
CORRECTIONAL HEALTH	6	\$8,529	CORRECTIONAL HEALTH	5	\$228	CORRECTIONAL HEALTH	1	\$0	CORRECTIONAL HEALTH	12	\$8,757
LONG TERM CARE	1	\$1,312	AMBULATORY CARE	2	\$0	ALTCS	1	\$2,207	AMBULATORY CARE	3	\$2,604
ALTCS	1	\$0							ALTCS	2	\$2,207
AMBULATORY CARE	1	\$2,604							LONG TERM CARE	1	\$1,312

Notes: 1. Dollars Paid represents the amount paid for the year in which the event occurred and does not include Reported but not Paid nor IBNR reserves.

2. Number of claims paid represents the amount of claims for the year in which the event occurred.

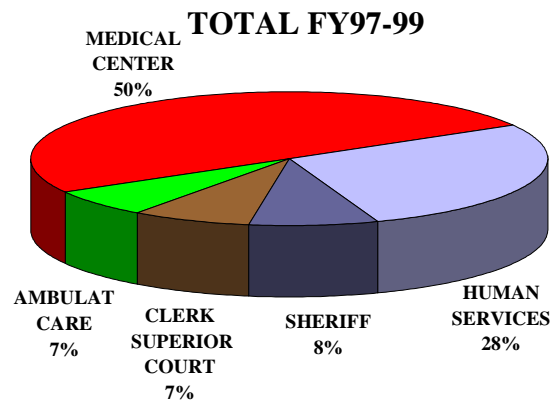
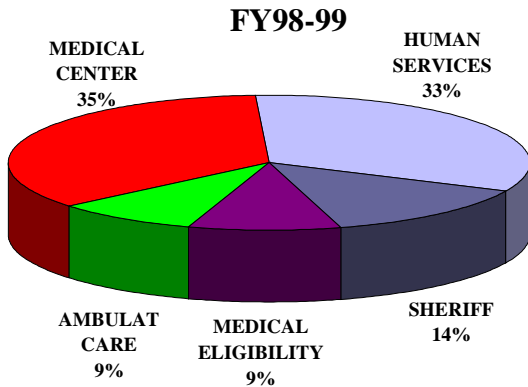
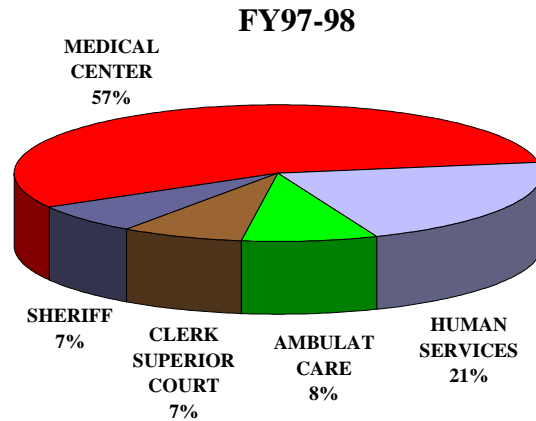
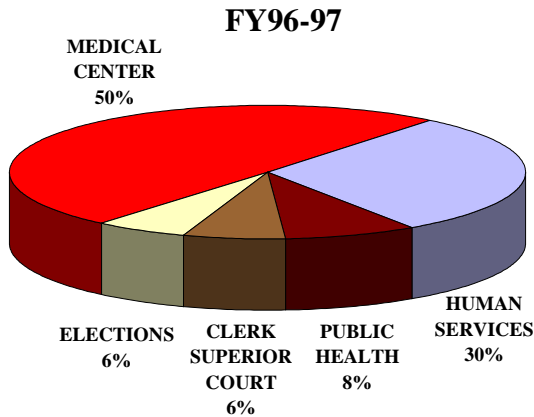
3. Amounts as valued on June 30, 1999, as reported by the Riskmaster system.

**UNEMPLOYMENT LOSS SUMMARY**  
**FY96-97 TO FY98-99**  
**Top 25 Departments**

<b>Departments</b>	<b>FY 96-97</b>	<b>FY 97-98</b>	<b>FY 98-99</b>	<b>TOTAL FY 97-99</b>
ADULT PROBATION	\$10,314	\$18,432	\$16,462	\$45,208
ALTCS	\$645	\$14,398	\$362	\$15,405
AMBULATORY CARE	\$7,475	\$27,924	\$17,937	\$53,336
CLERK SUPERIOR COURT	\$17,389	\$24,658	\$15,262	\$57,309
COUNTY ASSESSOR	\$5,807	\$14,112	\$3,961	\$23,879
COUNTY ATTORNEY	\$8,582	\$8,703	\$10,428	\$27,713
ELECTIONS	\$16,223	\$2,483	\$2,726	\$21,431
ENVIRO SERVICES	\$6,085	\$8,971	\$0	\$15,056
FACILITIES MGMT	\$9,773	\$16,059	\$7,918	\$33,750
HEALTH PLAN	\$5,255	\$9,500	\$0	\$14,755
HUMAN RESOURCES	\$11,667	\$1,323	\$2,211	\$15,201
HUMAN SERVICES	\$81,334	\$70,998	\$66,278	\$218,610
INDIGENT REP/PUBLIC DEF	\$3,049	\$1,248	\$8,386	\$12,683
JUSTICE COURTS	\$15,800	\$6,765	\$3,993	\$26,558
JUVENILE COURT	\$11,517	\$2,141	\$6,706	\$20,363
MCDOT	\$12,957	\$11,295	\$6,640	\$30,892
MEDICAL CENTER	\$136,442	\$185,651	\$70,997	\$393,089
MEDICAL ELIGIBILITY	\$15,936	\$12,670	\$18,796	\$47,402
PARKS & REC	\$1,030	\$6,839	\$5,025	\$12,894
PUBLIC HEALTH	\$22,376	\$14,213	\$13,178	\$49,768
SHERIFF	\$13,127	\$23,034	\$27,357	\$63,518
SOLID WASTE	\$15,477	\$1,268	\$354	\$17,099
STAR CENTER	\$8,893	\$1,150	\$2,734	\$12,776
SUPERIOR COURTS	\$14,174	\$14,382	\$7,152	\$35,708
All Others	\$32,363	\$32,198	\$34,743	\$98,282
<b>Totals</b>	<b>\$483,687</b>	<b>\$530,414</b>	<b>\$346,225</b>	<b>\$1,359,305</b>

- Notes: 1. Dollars Paid represents the amount paid in the fiscal year and does not include any reserves.
2. Amounts as valued on June 30, 1999, as reported in the Local Government Financial System.

## DOLLARS PAID FOR UNEMPLOYMENT FROM FY96-97 TO FY98-99 – Top 5 Departments



FY96-97		FY97-98		FY98-99		TOTAL FY97-99	
Department	\$Paid	Department	\$Paid	Department	\$Paid	Department	\$Paid
MEDICAL CENTER	\$136,442	MEDICAL CENTER	\$185,651	MEDICAL CENTER	\$70,997	MEDICAL CENTER	\$393,089
HUMAN SERVICES	\$81,334	HUMAN SERVICES	\$70,998	HUMAN SERVICES	\$66,278	HUMAN SERVICES	\$218,610
PUBLIC HEALTH	\$22,376	AMBULATORY CARE	\$27,924	SHERIFF	\$27,357	SHERIFF	\$63,518
CLERK SUPERIOR COURT	\$17,389	CLERK SUPERIOR COURT	\$24,658	MEDICAL ELIGIBILITY	\$18,796	CLERK SUPERIOR COURT	\$57,309
ELECTIONS	\$16,223	SHERIFF	\$23,034	AMBULATORY CARE	\$17,937	AMBULATORY CARE	\$53,336

Notes: 1. Dollars Paid represents the amount paid in the fiscal year and does not include any reserves.  
 2. Amounts as valued on June 30, 1999, as reported in the Local Government Financial System.

## DEFINITIONS

**Auto Physical Damage Claims** – Direct physical damage to vehicles involving collision or comprehensive loss due to collision, theft, fire, vandalism, or glass breakage, etc. Excludes normal wear, tear and maintenance damage.

**Automobile Liability Claims** – Claims made against Maricopa County for bodily injury and property damage arising from accident or use of vehicle for which the County is legally liable.

**Cost of Risk** – Total cost of paid casualty losses, including unemployment losses, insurance premiums and other Risk Management operational and administrative expenses.

**Deductible** – Retained portion of loss that is not insured based on absolute dollar amount or time period.

**General Liability Claims** – Claims made against Maricopa County for bodily injury and property damage arising from negligence and/or omission by Maricopa County employees/agents, and also claims arising from County owned or leased premises for which the County is legally liable.

**Incurred But Not Reported (IBNR)** – Liability reflected on Risk Management's balance sheet, representing actuarially projected liability losses resulting from events that have already occurred, but not yet been reported to Maricopa County. May also represent the possible growth or future maturation liability cost for reported claims.

**Indemnification Agreement** – Contractual agreement wherein one party (the indemnitor) agrees to hold another party (the indemnitee) harmless. The indemnitor is often required to add indemnitee to its liability policies as an additional insured. A typical construction contract requires the contractor to indemnify the owner for liability to members of public who are injured or whose property is damaged during course of contractors operations. The objective is to restore the indemnitee to same financial position they were prior to loss without profit or loss.

**Loss Control/Prevention** – Risk Management control procedures that emphasize safety programs that are designed and implemented to reduce the frequency and severity of potential losses involving injuries and property damage.

**Medical Malpractice Claims** – Professional liability claims arising from medical care and treatment to general public that falls below standard of care criteria.



**Property Claims** – Direct or indirect loss or damage to personal property including building, structure and contents on an all risk, replacement cost basis, including contingent business interruption loss.

**Reported But Unpaid** – A liability reflected on Risk Management's balance sheet that represents the estimated future liability for known claims; and, also same as "case reserves."

**Risk Management** – Process that includes the four management functions of planning, organizing, leading, and controlling a department to minimize the adverse effects of fortuitous losses. Defined in process terms, Risk Management is a sequence of four steps:

- 1) Identifying exposures to accidental loss that interfere or adversely affect Maricopa County's objectives.
- 2) Measure the financial consequences of losses occurring and examine alternative Risk Management techniques for dealing with these exposures.
- 3) Selecting and implementing the best Risk Management technique(s) to treat exposures/losses.
- 4) Monitoring the results and improving where appropriate.

**Self-Insurance** – Protecting against loss by the systematic provision of a fund to provide for losses which Maricopa County must pay without benefit of purchased insurance.

**Self-Insured Retention (SIR)** – The optimal dollar amount per claim or occurrence determined by a cost benefit analysis, that Maricopa County retains or must pay prior to its insurance carriers becoming legally liable for additional losses or expenses.

**Unemployment Claims** – Statutory wage claims incurred by Maricopa County arising from temporarily unemployed or terminated employees.

**Workers' Compensation Claims** – Statutory benefits of indemnity (wage loss), medical expense, rehabilitation, death and survivor payments to Maricopa County employees for injuries or medical conditions related to course and scope of employment activities.